

BOARD OF TRUSTEES
Budget and Finance Committee

Thursday, February 26, 2026
9:00 AM

BOARD ROOM
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>.

Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a public, integrated health system dedicated to improving the health of our communities by delivering high-quality, person-centered care in collaboration with community and academic partners.

AGENDA

- | | | |
|---|----------------------------|-----------------|
| I. Call to Order and Record of Attendance | Ms. Ingrid Robinson | 2 min |
| II. Approval of the Minutes of Previous Meeting | Ms. Ingrid Robinson | 2 min |
| • Budget and Finance Committee Meeting – November 13, 2025 | | |
| III. Financial Matters | Ms. Ingrid Robinson | 30 min |
| A. Consideration of Acceptance of the Harris Health First Quarter Fiscal Year 2026 Investment Report – Mr. Jay Camp | | <i>(10 min)</i> |
| B. Consideration of Acceptance of the Harris Health Fourth Quarter Calendar Year 2025 Pension Plan Report – Mr. Jay Camp | | <i>(10 min)</i> |
| C. Consideration of Acceptance of the Harris Health December 2025 Quarterly Financial Report Subject to Audit – Mr. Jay Camp | | <i>(10 min)</i> |
| IV. Adjournment | Ms. Ingrid Robinson | 1 min |

HARRIS HEALTH
MINUTES OF THE BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE MEETING
Thursday, November 13, 2025
9:30 AM

or immediately following the Special Call Board: Strategic Planning meeting

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	Ms. Sima Ladjvardian, Presiding Officer, called the meeting to order at 9:57 a.m. It was noted that a quorum was present, and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of Previous Meeting	<ul style="list-style-type: none"> • Budget and Finance Committee Meeting – May 8, 2025 	Moved by Ms. Carol Paret, seconded by Ms. Sima Ladjvardian, and unanimously approved the minutes of the May 8, 2025, meeting.
III. Financial Matters		
A. Consideration of Acceptance of the Harris Health Fourth Quarter Fiscal Year 2025 Investment Report	Ms. Victoria Nikitin, Executive Vice President, and Chief Financial Officer, presented the Harris Health Fourth Quarter Fiscal Year 2025 Investment Report. Investment earnings for the quarter totaled \$22.8 million, reflecting positive investment returns. A copy of the Investment Report is available in the permanent record.	Moved by Ms. Carol Paret, seconded by Ms. Sima Ladjvardian, and unanimously accepted that the Committee recommends that the Board approve item III.A. Motion carried.
B. Consideration of Acceptance of the Harris Health Third Quarter Calendar Year 2025 Pension Plan Report	Ms. Nikitin presented the Harris Health Third Quarter Calendar Year 2025 Pension Plan Report. She reported that the plan reached 91% of the funded ratio, a significant improvement from previous years. A copy of the Pension Plan Report is available in the permanent record.	Moved by Ms. Carol Paret, seconded by Ms. Sima Ladjvardian, and unanimously accepted that the Committee recommends that the Board approve item III.B. Motion carried.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>C. Consideration of Acceptance of the Harris Health September 2025 Quarterly Financial Report Subject to Audit</p>	<p>Ms. Nikitin presented the Harris Health September 2025 Quarterly Financial Report, subject to audit. She noted favorable revenue results due to state refunds and improved Affordable Care Act (ACA) subsidies, along with better-than-anticipated expense management through benchmarking, productivity improvements, and timely execution of initiatives. A copy of the Financial Report is available in the permanent record.</p>	<p>Moved by Ms. Carol Paret, seconded by Ms. Sima Ladjevardian, and unanimously accepted that the Committee recommends that the Board approve item III.C. Motion carried.</p>
<p>IV. Executive Session</p>	<p>At 10:07 a.m., Ms. Ladjevardian stated that the Budget and Finance Committee of the Board of Trustees would go into Executive Session for items 'A through C' as permitted by law under Tex. Gov't Code Ann. §551.085.</p>	
<p>A. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Nine Months Ending September 30, 2025, Pursuant to Tex. Gov't Code Ann. §551.085</p>		<p>No action taken.</p>
<p>B. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. 2026 Operating and Capital Budget, Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Recommendation for Approval of the 2026 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc. to the Harris Health Board of Trustees Upon Return to Open Session</p>		<p>Moved by Ms. Carol Paret, seconded by Ms. Sima Ladjevardian, and unanimously accepted that the Committee recommends that the Board approve item IV.B. Motion carried.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>C. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. 2026 Insurance Renewals, Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Recommendation for Approval of the 2026 Insurance Renewals for Community Health Choice Texas, Inc. and Community Health Choice, Inc. to the Harris Health Board of Trustees Upon Return to Open Session</p>		<p>Moved by Ms. Carol Paret, seconded by Ms. Sima Lajevardian, and unanimously accepted that the Committee recommends that the Board approve item IV.C. Motion carried.</p>
<p>V. Reconvene</p>	<p>At 10:19 a.m., Ms. Lajevardian reconvened the meeting in open session; she noted that a quorum was present and that no action was taken in Executive Session.</p>	
<p>VI. Adjournment</p>	<p>There being no further business to come before the Committee, the meeting adjourned at 10:20 a.m.</p>	

I certify that the foregoing are the Minutes of the Meeting of the Budget and Finance Committee of the Board of Trustees of the Harris Health held on November 13, 2025.

Respectfully submitted,

Sima Lajevardian, JD, Presiding Officer,

in lieu of Ingrid Robinson, MBA, Committee Chair

Recorded by Cherry A. Joseph, MBA

Thursday, November 13, 2025
Harris Health Board of Trustees Budget & Finance Committee Attendance

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Sima Ladjevardian (<i>Presiding Chair</i>)	Ingrid Robinson (<i>Committee Chair</i>)	
Carol Paret	Paul Puento	

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	Louis Smith
Anna Mateja (<i>CFO, Community Health Choice</i>)	Maria Cowles
Carolynn Jones	Matthew Schlueter
Cherry Joseph	Maureen Bremo
Chris Clark (<i>Managing Partner, FORVIS MAZARS</i>)	Mike Post (<i>Harris County Auditor's Office</i>)
Daniel Smith	Olga Rodriguez
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Omar Reid
Esmail Porsa (<i>President & CEO, Harris Health</i>)	Patrick Casey
Dr. Glorimar Medina	Sara Thomas (<i>Harris County Attorney's Office</i>)
Dr. Jackie Brock	Shawn DeCosta
Jennifer Zarate	Dr. Thomas Cummins
Jerry Summers	Victoria Nikitin
John Matcek	

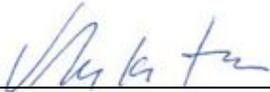
Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

Thursday, February 26, 2026

Consideration of Acceptance of the Harris Health First Quarter Fiscal Year 2026
Investment Report

Attached for your review and acceptance is the First Quarter Fiscal Year 2026 Investment Report for the period October 2025 through December 2025.

Administration recommends that the Board accept the First Quarter Fiscal Year 2026 Investment Report for the period ended December 31, 2025.



Victoria Nikitin
Executive Vice President – Chief Financial Officer



Quarterly Investment Summary

Harris Health

As of December 31, 2025

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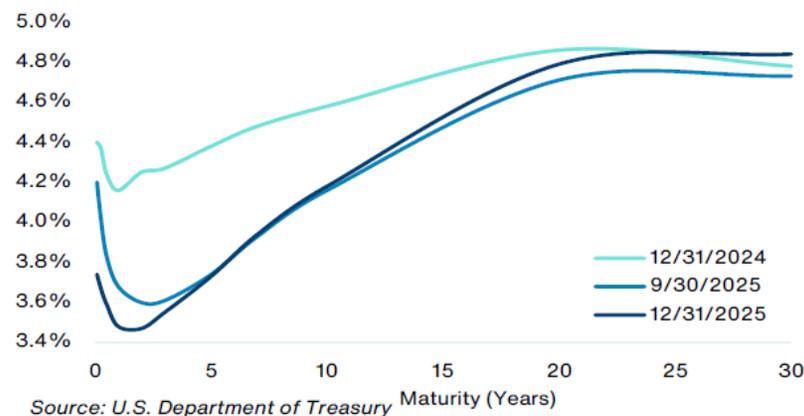
Financial Highlights

As of December 31, 2025

Review of Capital Markets

- In Q4 2025, the U.S. Federal Reserve made two 0.25% cuts to the Fed Funds rate, lowering it to 3.5–3.75%.
- U.S. Treasury yields fell across the short to medium term maturities, with yields falling sharply across the shorter-term.
- The yield curve saw upward movement over the longer-term maturities.
- As a result, the very shortest term commercial paper and money market funds continued to provide a higher yield compared to short to intermediate dated bonds.

U.S. TREASURY YIELD CURVE



Financial Highlights

As of December 31, 2025

Portfolio Balances

- On December 31, 2025, total assets were approximately \$1.7 billion.
- During the quarter, assets decreased by \$475.7 million from the market value of \$2.2 billion on September 30, 2025.
 - The decrease was primarily due to anticipated project spend and regular quarterly operating and cash needs of the organization.

Balances by Account:

Account	December 31, 2025	
	Market Value	%
General Fund	\$1,352,922,331.33	78.4%
Debt Service	\$32,848,022.01	1.9%
Restricted	\$338,984,631.36	19.7%
Total	\$1,724,755,184.70	100.0%

Portfolio Returns

- During the fourth quarter, the portfolio generated investment income of \$19.1 million.
- The portfolio produced an investment return of 0.99% for the quarter, performing in-line with the 90-Day U.S. Treasury Bill return.
- For the 12-month period ending December 31, 2025, the portfolio returned 4.07%, slightly trailing the 90-Day U.S. Treasury Bill's 4.18% return.



Financial Highlights

As of December 31, 2025

Description of Investments

- As of December 31, 2025, the portfolio was 100% invested in short duration securities, the majority of which maintained a duration of approximately 30-90 days.
- Money market funds accounted for 57% (down from 72% last quarter) of the portfolio, followed by Local Government Investment Pools at 28%, U.S. Treasury Bills at 10%, U.S. Agency at 3%, and Commercial Paper at 2%.
- Money market assets are allocated across numerous mutual funds.
- The Local Government Investment Pool assets are split between LoneStar (44.00%), TexasCLASS (55.98%), and TexasCLASS Govt (0.02%).

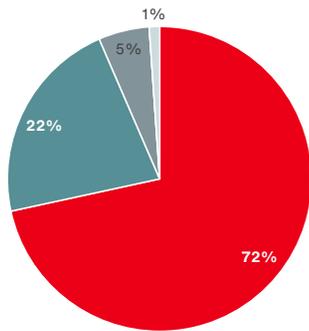
Portfolio Changes

- During the quarter, as reinvestment opportunities became available, investments were made to strategically extend duration and diversify exposures (i.e. more U.S. Treasury Bills, U.S. Agency, and Commercial Paper), while maintaining appropriate liquidity in the portfolio.
- The ongoing investment strategy will have less reliance on Money Market Funds and Local Government Pools and continue to look for opportunities to increase the allocation to U.S. Treasury Bills, U.S. Agency, and Commercial Paper.

Financial Highlights

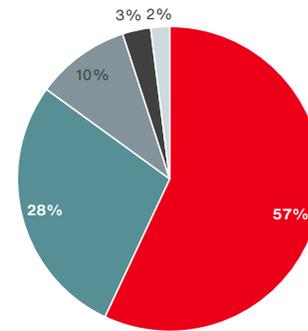
Change in Portfolio Allocation

September 30, 2025



- Money Market
- Local Government Investment Pool
- U.S. Treasury
- U.S. Agency
- Commercial Paper

December 31, 2025



- Money Market
- Local Government Investment Pool
- U.S. Treasury
- U.S. Agency
- Commercial Paper

Compliance Statement

Harris County Financial Management certifies that to the best of their knowledge, based on the investment statements and reporting provided to them, that Harris Health is in compliance with the provisions of Texas Government Code – Public Funds Investment Act, Section 2256.023 and with the stated policies and strategies of Harris Health.



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ATTN: Aon Investments Compliance Officer

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HARRISHEALTH

QUARTERLY INVESTMENT REPORT FIRST QUARTER 2025-2026

PREPARED BY:
OFFICE OF MANAGEMENT AND BUDGET
FINANCIAL MANAGEMENT

The report is presented in accordance with the Texas Government Code - Public Funds Investment Act, Section 2256.023. Financial Management certifies that to the best of our knowledge that Harris Health System is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of Harris Health System.



Fahad Gulzar

Interim Deputy Executive Director, OMB



Diana Elizondo

Investment Director



Mark LaRue

Investment Manager

Table of Contents

Section I: Summary of Portfolio Balances & Characteristics

Section II: Total Rate of Return vs. Benchmark

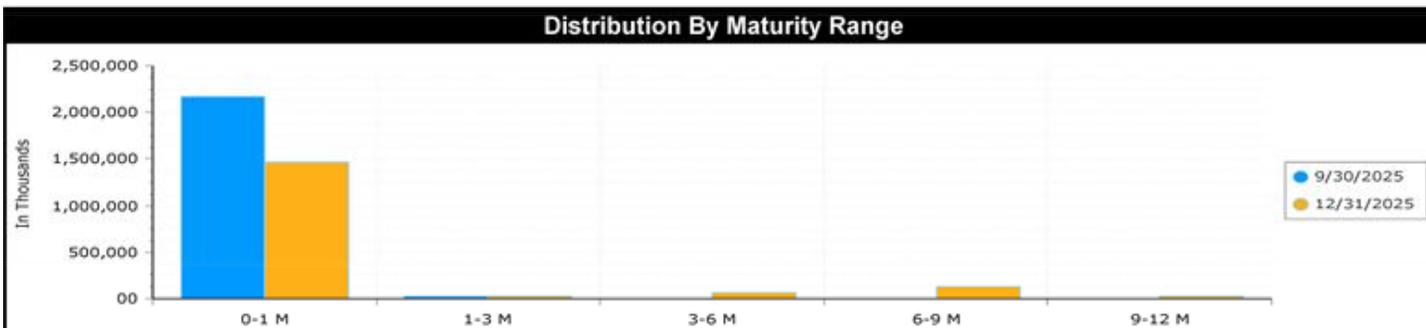
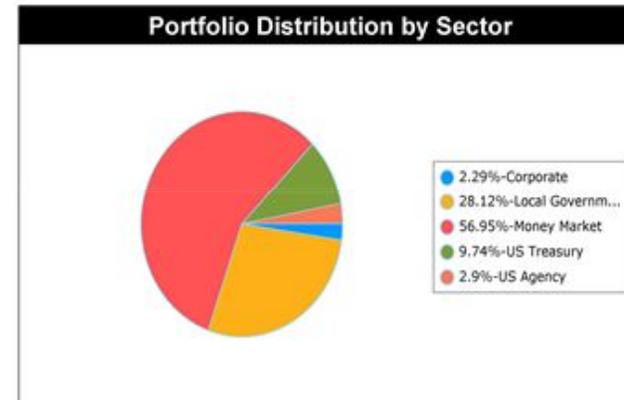
Section III: Current Portfolio Holdings & Quarterly Income

Summary of Portfolio Balances & Characteristics

September 30, 2025 through December 31, 2025

Book & Market Value Comparison							
Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	YTM @ Market	Duration	Days To Maturity
Beginning	2,200,489,279.36	2,200,478,131.88	11,147.48	3.90	3.87	0	2
10/31/2025	2,035,581,225.66	2,035,572,154.30	9,071.36	3.76	3.74	0.00	1
11/30/2025	1,818,915,112.92	1,818,915,112.92	0.00	3.75	3.75	0	1
12/31/2025	1,724,755,184.70	1,724,752,289.76	2,894.94	3.54	3.53	0.08	31
Average	1,859,750,507.76	1,859,746,518.99	4,204.60	3.69	3.68	0.02	11

Quarterly Investment Income By Sector		
	Ending BV + Accrued Interest	Investment Income-BV
Certificate of Deposit	\$0.00	\$0.00
Commercial Paper	\$86,263,804.78	\$2,264,847.23
Local Government Investment Pool	\$485,037,474.06	\$5,004,457.84
Money Market	\$935,398,284.75	\$11,303,252.52
Municipal	\$0.00	\$0.00
US Agency	\$50,052,493.05	\$52,493.05
US Treasury	\$168,715,887.88	\$459,789.34
Total	\$1,725,467,944.52	\$19,084,839.98

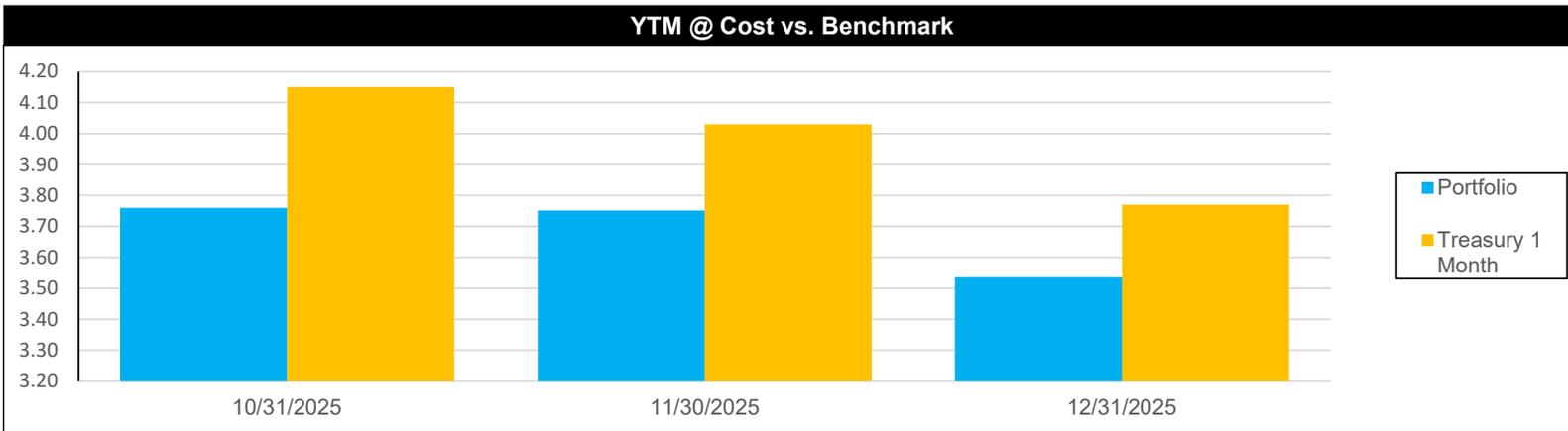


Portfolio Yield vs. Benchmark Treasury

September 30, 2025 through December 31, 2025



Month	Beginning BV + Accrued Interest	Interest Earned During Period-BV	Realized Gain/Loss-BV	Investment Income-BV	Average Capital Base-BV	YTM @ Cost	Treasury 1 Month
Beginning	2,254,635,125.00				2,257,713,500.55		
10/31/2025	2,200,478,131.88	6,996,592.03	0.00	6,996,592.03	2,198,926,101.92	3.76	4.15
11/30/2025	2,035,572,154.30	6,327,784.86	0.00	6,327,784.86	2,029,799,144.60	3.75	4.03
12/31/2025	1,818,915,112.92	5,760,463.09	0.00	5,760,463.09	1,808,829,492.26	3.54	3.77
Total/Average	2,018,321,799.70	19,084,839.98	0.00	19,084,839.98	2,012,518,246.26	3.74	3.98





Portfolio Holdings & Quarterly Earnings

Begin Date: 9/30/2025, End Date: 12/31/2025

Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
H9902 Hospital - General Fund								
BARCLAYS CAPITAL INC 0 6/15/2026	06743VFF2	10,000,000.00	0.00	9,827,300.00	9,823,477.65	14,977.65	3.905	6/15/2026
FHLB 3.55 9/23/2026-26	3130B8XV9	25,000,000.00	0.00	24,988,000.00	25,000,000.00	19,722.22	3.550	9/23/2026
FNMA 3.63 12/18/2026-26	3136GCBN4	25,000,000.00	0.00	24,976,750.00	25,000,000.00	32,770.83	3.630	12/18/2026
H9902 HHS Cigna Health Benefits MM	D6332-HHSJPM	21,628,280.66	10,279,547.24	21,628,280.66	21,628,280.66	69,108.50	2.650	N/A
H9902 HHS FSA Plan MM	D6670-HHSJPM	261,961.19	447,382.18	261,961.19	261,961.19	1,169.26	2.650	N/A
H9902 HHS Gen Fd CJTXX MM	M5375-HHSCJTX	182,898,831.35	181,111,377.65	182,898,831.35	182,898,831.35	1,787,453.70	3.650	N/A
H9902 HHS Gen Funds OGVXX MMF MM	M5375-HHSGVXX	101,709,264.92	244,667,947.06	101,709,264.92	101,709,264.92	2,416,416.41	3.680	N/A
H9902 HHS General Funds JPM MM	D5375-HHSJPM	310,958,234.77	476,678,813.31	310,958,234.77	310,958,234.77	2,153,828.17	2.750	N/A
H9902 HHS HRA ZBA MM	D5680-HHSJPM	1,100,477.76	1,146,288.31	1,100,477.76	1,100,477.76	8,489.26	2.650	N/A
H9902 HHS Pharmacy Act Receivable MM	CADE-D3910	0.00	0.00	0.00	0.00	0.00		N/A
H9902 Hospital - Cadence General Funds MMF MM	M3837-OGVXX	1,539,383.09	12,237,105.41	1,539,383.09	1,539,383.09	93,424.78	3.680	N/A
H9902 Restr Donations JPM MM	D7157-HHSJPM	297,988.07	309,361.52	297,988.07	297,988.07	739.61	2.750	N/A
H9902 Restr Donations JPM MMF MM	M7157-HHSGVXX	724,225.38	730,228.26	724,225.38	724,225.38	7,370.85	3.680	N/A
H9902 Unrestr Donations JPM MM	D6757-HHSJPM	172,015.51	170,754.95	172,015.51	172,015.51	1,260.56	2.650	N/A
H9902 US Bank Open CP MM	OPENCPH9902	46,780,775.89	157,773,623.25	46,780,775.89	46,780,775.89	2,162,038.17	3.250	N/A
LoneStar H9902 LGIP	LONESTARH9902	213,432,092.54	211,239,293.74	213,432,092.54	213,432,092.54	2,192,798.80	3.936	N/A
NESTLE FINANCE INTL LTD 0 10/17/2025	64106GXH1	0.00	24,954,500.00	0.00	0.00	48,488.50		10/17/2025
NORDDEUTSCHE LANDSBK NY 0 4/20/2026	65558NDL9	10,000,000.00	0.00	9,886,600.00	9,884,298.85	12,737.74	3.839	4/20/2026
SUMITOMO MIT/SINGAPORE 0 5/18/2026	86564XEJ9	10,000,000.00	0.00	9,857,200.00	9,855,950.78	12,617.45	3.820	5/18/2026
T-Bill 0 10/9/2025	912797QE0	0.00	89,919,000.00	0.00	0.00	84,659.26		10/9/2025
T-Bill 0 11/12/2025	912797RN9	0.00	29,859,900.00	0.00	0.00	144,599.72		11/12/2025
T-Bill 0 9/3/2026	912797RS8	50,000,000.00	0.00	48,860,500.00	48,852,252.26	65,585.59	3.491	9/3/2026
TexasCLASS H9902 LGIP	TXCLASSH9902	213,880,150.20	211,672,318.83	213,880,150.20	213,880,150.20	2,207,831.37	3.929	N/A
T-Note 1.5 8/15/2026	9128282A7	20,000,000.00	0.00	19,747,400.00	19,744,720.05	27,226.84	3.585	8/15/2026
T-Note 1.625 5/15/2026	912828R36	20,000,000.00	0.00	19,859,400.00	19,857,115.71	27,497.27	3.565	5/15/2026
T-Note 1.875 6/30/2026	9128287B0	20,000,000.00	0.00	19,842,000.00	19,832,554.77	27,289.82	3.582	6/30/2026
T-Note 1.875 7/31/2026	912828Y95	20,000,000.00	0.00	19,808,800.00	19,804,385.42	27,245.48	3.582	7/31/2026
T-Note 2.375 4/30/2026	9128286S4	20,000,000.00	0.00	19,925,200.00	19,921,710.53	27,580.70	3.562	4/30/2026
T-Note 4.625 3/15/2026	91282CGR6	20,000,000.00	0.00	20,037,400.00	20,039,987.43	28,104.66	3.594	3/15/2026

Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
TORONTO DOMINION BANK 0 3/17/2026	89119BCH7	10,000,000.00	0.00	9,922,100.00	9,919,301.61	13,987.72	3.867	3/17/2026
Sub Total/Average H9902 Hospital - General Fund		1,355,383,681.33	1,653,197,441.71	1,352,922,331.33	1,352,919,436.39	13,717,020.89	3.495	
H9906 Hospital - SPFC								
H9906 Hospital - SPFC MM	D2538-HHSJPM	4,265.37	3,178.54	4,265.37	4,265.37	26.65	2.650	N/A
H9906 SPFC JPM MMF MM	M2538-HHSOGVXX	56,275.78	56,275.78	56,275.78	56,275.78	562.98	3.680	N/A
TexasCLASS H9906 LGIP	TXCLASSH9906	1,030,203.25	1,019,568.72	1,030,203.25	1,030,203.25	10,634.53	3.929	N/A
Sub Total/Average H9906 Hospital - SPFC		1,090,744.40	1,079,023.04	1,090,744.40	1,090,744.40	11,224.16	3.911	
H9917 Hospital - Ser 2010 DS								
H9917 Ser 2010 DS MM	D2565-HHSJPM	44,172.41	43,848.71	44,172.41	44,172.41	323.70	2.650	N/A
H9917 Ser 2010 DS MMF MM	M2565-HHSOGVXX	5,969,392.71	5,909,588.53	5,969,392.71	5,969,392.71	59,804.18	3.680	N/A
TexasCLASS H9917 LGIP	TXCLASSH9917	69,414.52	68,697.97	69,414.52	69,414.52	716.55	3.929	N/A
Sub Total/Average H9917 Hospital - Ser 2010 DS		6,082,979.64	6,022,135.21	6,082,979.64	6,082,979.64	60,844.43	3.675	
H9918 Hospital - Ser 2010 DSR								
H9918 Ser 2010 DSR MM	D2763-HHSJPM	43,594.10	43,274.63	43,594.10	43,594.10	319.47	2.650	N/A
H9918 Ser 2010 DSR MMF MM	M2763-HHSOGVXX	5,971,738.51	5,911,917.65	5,971,738.51	5,971,738.51	59,820.86	3.680	N/A
TexasCLASS H9918 LGIP	TXCLASSH9918	67,633.25	66,935.11	67,633.25	67,633.25	698.14	3.929	N/A
Sub Total/Average H9918 Hospital - Ser 2010 DSR		6,082,965.86	6,022,127.39	6,082,965.86	6,082,965.86	60,838.47	3.675	
H9920 Hospital - Rev & Ref Ser 2016 DS								
H9920 Ser 2016 DS MM	D1898-HHSJPM	73,746.71	73,206.28	73,746.71	73,746.71	540.43	2.650	N/A
H9920 Ser 2016 DS MMF MM	M1898-HHSOGVXX	10,173,462.88	10,071,759.04	10,173,462.88	10,173,462.88	101,703.84	3.680	N/A
TexasCLASS H9920 LGIP	TXCLASSH9920	93,356.06	92,392.40	93,356.06	93,356.06	963.66	3.929	N/A
Sub Total/Average H9920 Hospital - Rev & Ref Ser 2016 DS		10,340,565.65	10,237,357.72	10,340,565.65	10,340,565.65	103,207.93	3.675	
H9921 Hospital - Rev & Ref Ser 2016 DSR								
H9921 Ser 2016 DSR MM	D2078-HHSJPM	75,093.13	74,542.83	75,093.13	75,093.13	550.30	2.650	N/A
H9921 Ser 2016 DSR MMF MM	M2078-HHSOGVXX	10,075,669.54	9,974,516.47	10,075,669.54	10,075,669.54	101,153.07	3.680	N/A
TexasCLASS H9921 LGIP	TXCLASSH9921	116,570.31	115,366.99	116,570.31	116,570.31	1,203.32	3.929	N/A
TexasCLASS Govt H9921 LGIP	TXCLASSGH9921	74,177.88	73,450.93	74,177.88	74,177.88	726.95	3.664	N/A
Sub Total/Average H9921 Hospital - Rev & Ref Ser 2016 DSR		10,341,510.86	10,237,877.22	10,341,510.86	10,341,510.86	103,633.64	3.675	
H9924 Hospital - Capital Assets Series 2020								
H9924 Capital Assets Ser 2020 MM	D9218-HHSJPM	2,657.21	2,637.74	2,657.21	2,657.21	19.47	2.650	N/A
TexasCLASS H9924 LGIP	TXCLASSH9924	367,669.74	405,812.46	367,669.74	367,669.74	3,933.17	3.929	N/A

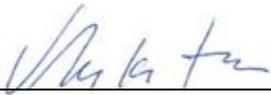
Description	CUSIP/Ticker	Ending Face Amount/Shares	Beginning MV	Ending MV	Ending BV	Investment Income-BV	Ending YTM @ Cost	Maturity Date
Sub Total/Average H9924 Hospital - Capital Assets Series 2020		370,326.95	408,450.20	370,326.95	370,326.95	3,952.64	3.920	
H9925 Hospital - Capital Gift Proceeds								
H9925 HHS Capital Gift Proceeds MM	D0208-HHSJPM	843,090.46	1,078,491.42	843,090.46	843,090.46	2,622.62	1.050	N/A
TexasCLASS H9925 LGIP	TXCLASSH9925	55,906,206.31	56,168,190.39	55,906,206.31	55,906,206.31	584,951.35	3.929	N/A
Sub Total/Average H9925 Hospital - Capital Gift Proceeds		56,749,296.77	57,246,681.81	56,749,296.77	56,749,296.77	587,573.97	3.886	
H9935 Hospital - 2025 Bond Proceeds								
H9935 HHS 2025 Bond Proceeds MM	D3379-HHSJPM	343,473.21	337,209.24	343,473.21	343,473.21	6,263.97	1.050	N/A
H9935 HHS 2025 Bond Proceeds MM	M3379-HHSOGVXX	270,298,489.77	455,700,975.82	270,298,489.77	270,298,489.77	4,417,873.93	3.680	N/A
Sub Total/Average H9935 Hospital - 2025 Bond Proceeds		270,641,962.98	456,038,185.06	270,641,962.98	270,641,962.98	4,424,137.90	3.677	
H9936 Hospital - Pasadena Square Project								
H9936 Pasadena Square Project MM	D1352-HHSJPM	5,012,020.20	0.00	5,012,020.20	5,012,020.20	12,020.20	2.750	N/A
Sub Total/Average H9936 Hospital - Pasadena Square Project		5,012,020.20	0.00	5,012,020.20	5,012,020.20	12,020.20	2.750	
H9937 Hospital - Ad Valorem I and S								
H9937 Hospital Ad Valorem I and S MM	D1520-HHSJPM	5,120,480.06	0.00	5,120,480.06	5,120,480.06	385.75	2.750	N/A
Sub Total/Average H9937 Hospital - Ad Valorem I and S		5,120,480.06	0.00	5,120,480.06	5,120,480.06	385.75	2.750	
Total / Average		1,727,216,534.70	2,200,489,279.36	1,724,755,184.70	1,724,752,289.76	19,084,839.98	3.536	

Thursday, February 26, 2026

Consideration of Acceptance of the Harris Health Fourth Quarter Calendar Year 2025
Pension Plan Report

Attached for your review and acceptance is the Fourth Quarter Calendar Year 2025 Pension Plan Report for the period October 2025 through December 2025.

Administration recommends that the Board accept the Fourth Quarter Pension Plan Report for the period ended December 31, 2025.



Victoria Nikitin
Executive Vice President – Chief Financial Officer

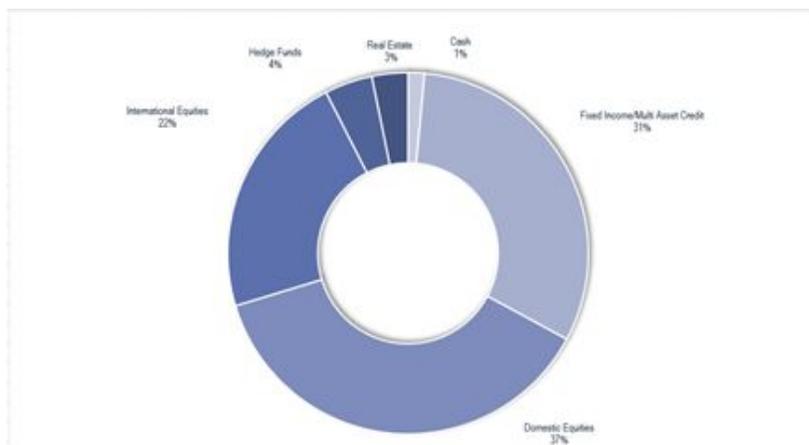
Pension Plan Summary



For the Quarter Ended and Year to Date December 31, 2025

	YEAR-TO-DATE	QUARTERLY				YEAR-TO-DATE
	12/31/24	03/31/25	06/30/25	09/30/25	12/31/25	12/31/25
Investment Return	9.4%	-0.1%	6.8%	4.2%	2.2%	13.1%
Market Value of Assets (in millions)	\$ 1,043.6	\$ 1,042.6	\$ 1,116.4	\$ 1,165.4	\$ 1,191.5	\$ 1,191.5
Employer Contributions (in millions)	\$ 69.0	\$ 16.7	\$ 17.8	\$ 18.3	\$ 18.3	\$ 71.0
Benefit Payments (in millions)	\$ 65.3	\$ 16.6	\$ 16.7	\$ 16.8	\$ 17.1	\$ 67.2
Funded Ratio	86.0%	85.5%	91.0%	94.5%	96.1%	96.1%

Current Asset Allocation:



*The Plan was in compliance with target asset allocations per the Board approved Pension Plan Investment Policy.

Market Updates:

The market value of the Plan assets increased \$26.1 million this quarter and increased \$147.9 million since the beginning of the calendar year. Investment return was 2.2% for the quarter ended December 31, 2025, due to the following market conditions:

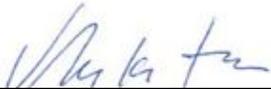
- In fourth quarter of 2025, global equity markets rose, driven by continued progress on trade agreements between the U.S. and several trade partners. This was coupled with a stronger than expected U.S. economy in third quarter of 2025 (lagged). The U.S. economy grew at an annualized rate during the third quarter of 2025 that surpassed both economists' expectations and the growth rate seen in the prior quarter. The strong economic performance was driven by increased consumer spending, government expenditure, and a positive net trade impact (higher exports, decreased imports).
- While concerns regarding technology sector valuations continue to persist, the S&P 500 index rose by 2.7% over the quarter and 17.9% on a year to date basis. The MSCI All Country World Index rose 3.4% in USD terms over the quarter. Both value and growth delivered positive returns over the quarter, with value stocks generally outpacing their growth counterparts.
- During the fourth quarter, the U.S. Federal Reserve (Fed) made two 0.25% cuts to the Fed Funds rate, lowering it to 3.5–3.75%, ending quantitative tightening and bolstering liquidity, which supported risk assets and credit markets.
- U.S. Treasury yields fell across the short to medium term maturities, with yields falling sharply across the shorter term. The curve saw upward movement over the longer-term maturities. Credit markets delivered positive returns over the quarter.

Thursday, February 26, 2026

Consideration of Acceptance of the Harris Health December 2025 Quarterly
Financial Report Subject to Audit

Attached for your review and consideration is the December 2025 Quarterly Financial Report.

Administration recommends that the Board accept the financial report for the period ended December 31, 2025, subject to final audit.



Victoria Nikitin
Executive Vice President – Chief Financial Officer



Financial Statements

As of Quarter Ended December 31, 2025
Subject to Audit



Table of Contents

Financial Highlights Review.....3

FINANCIAL STATEMENTS

Income Statement.....4

Balance Sheet.....5

Cash Flow Summary.....6

Performance Ratios.....7

KEY STATISTICAL INDICATORS

Statistical Highlights.....9

Statistical Highlights Graphs.....10 – 21

Financial Highlights Review **HARRISHEALTH**

As of December 31, 2025

Operating income for the quarter ended December 31, 2025 was \$76.4 million compared to budgeted income of \$20.4 million.

Total quarterly net revenue for December 31, 2025 of \$712.6 million was \$5.6 million or 0.8% more than budget. Net patient revenue was \$10.2 million more than budget and tax revenue was \$0.4 million higher than budget. Medicaid Supplemental programs were \$0.6 million more than expected.

Total quarterly expenses of \$636.2 million were \$50.4 million or 7.3% less than budget. Total labor costs were \$30.3 million lower than anticipated while supplies and purchased services were \$20.0 million lower than anticipated. These positive variances were driven in part by the timing of strategic projects compared to plan resulting in a delay in the onboarding of incremental FTEs, as well as supplies and outside services required to meet project demands. Lower patient volumes, staff vacancies, and a pharmacy rebate from Optum RX further contributed to the positive labor variance. In addition, a reduction in marketplace subsidies related to calendar year 2025 rates contributed to the positive variance in purchased services.

Through the quarter ended December 31, 2025, total patient days and average daily census were 3.2% below budget. Inpatient case mix index, a measure of patient acuity, was 2.9% lower than budget while length of stay was 6.1% higher than budget. Emergency room visits were 5.4% lower than planned for the quarter. Total clinic visits, including telehealth, were 3.3% higher compared to budget. Births were down 25.4%.

Total cash receipts for the quarter were \$558.6 million. The System has \$1,349.8 million in unrestricted cash, cash equivalents and investments, representing 202.1 days cash on hand. Increase in days cash of hand is due to reimbursement from the Series 2025 bond totaling \$579.2 million as of December 31, 2025, for capital expenditures tied to the Strategic Capital Plan. The remainder of the \$840 million issuance is recorded as an asset limited as to use within the balance sheet. The corresponding debt is shown within the long-term debt portion of the balance sheet.

Harris Health has \$154.6 million in net accounts receivable, representing 65.7 days of outstanding patient accounts receivable at December 31, 2025. The December balance sheet reflects a combined net receivable position of \$180.7 million under the various Medicaid Supplemental programs. The current portion of ad valorem taxes receivable is \$1,121.2 million, which is offset by ad valorem tax collections as received. Accrued liabilities include \$927.1 million in deferred ad valorem tax revenues that are released as ad valorem tax revenue is recognized. As of December 31, 2025, \$104.3 million in ad valorem tax collections were received and \$309.0 million in current ad valorem tax revenue was recognized.

Income Statement

HARRISHEALTH

As of the Quarter Ended December 31, 2025 and 2024 (in \$ Millions)

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	CURRENT YEAR	CURRENT BUDGET	PERCENT VARIANCE	PRIOR YEAR	PERCENT VARIANCE
REVENUE								
Net Patient Revenue	\$ 216.4	\$ 206.2	5.0%	\$ 216.4	\$ 206.2	5.0%	\$ 183.1	18.2%
Medicaid Supplemental Programs	164.5	163.9	0.4%	164.5	163.9	0.4%	154.4	6.5%
Other Operating Revenue	9.8	12.9	-24.3%	9.8	12.9	-24.3%	34.8	-72.0%
Total Operating Revenue	\$ 390.7	\$ 383.0	2.0%	\$ 390.7	\$ 383.0	2.0%	\$ 372.2	5.0%
Net Ad Valorem Taxes	304.3	303.9	0.1%	304.3	303.9	0.1%	249.4	22.0%
Net Tobacco Settlement Revenue	-	-	0.0%	-	-	0.0%	-	0.0%
Capital Gifts & Grants	-	2.5	0.0%	-	2.5	-100.0%	-	0.0%
Interest Income & Other	17.7	17.6	0.3%	17.7	17.6	0.3%	15.8	12.0%
Total Nonoperating Revenue	\$ 321.9	\$ 324.0	-0.6%	\$ 321.9	\$ 324.0	-0.6%	\$ 265.1	21.4%
Total Net Revenue	\$ 712.6	\$ 707.0	0.8%	\$ 712.6	\$ 707.0	0.8%	\$ 637.3	11.8%
EXPENSE								
Salaries and Wages	\$ 249.2	\$ 271.5	8.2%	\$ 249.2	\$ 271.5	8.2%	\$ 244.3	-2.0%
Employee Benefits	78.5	86.4	9.2%	78.5	86.4	9.2%	75.9	-3.4%
Total Labor Cost	\$ 327.7	\$ 357.9	8.5%	\$ 327.7	\$ 357.9	8.5%	\$ 320.2	-2.3%
Supply Expenses	78.6	87.6	10.2%	78.6	87.6	10.2%	80.6	2.4%
Physician Services	117.1	118.1	0.9%	117.1	118.1	0.9%	113.0	-3.6%
Purchased Services	75.4	86.4	12.8%	75.4	86.4	12.8%	76.2	1.0%
Depreciation & Interest	37.4	36.5	-2.5%	37.4	36.5	-2.5%	26.4	-41.7%
Total Operating Expense	\$ 636.2	\$ 686.6	7.3%	\$ 636.2	\$ 686.6	7.3%	\$ 616.4	-3.2%
Operating Income (Loss)	\$ 76.4	\$ 20.4		\$ 76.4	\$ 20.4		\$ 21.0	
Total Margin %	10.7%	2.9%		10.7%	2.9%		3.3%	

Balance Sheet

HARRISHEALTH

December 2025 and 2024 (in \$ Millions)

	CURRENT YEAR	PRIOR YEAR
<u>CURRENT ASSETS</u>		
Cash, Cash Equivalents and Short Term Investments	\$ 1,349.8	\$ 1,137.7
Net Patient Accounts Receivable	154.6	132.6
Net Ad Valorem Taxes, Current Portion	1,121.2	915.6
Other Current Assets	233.0	240.5
Total Current Assets	\$ 2,858.5	\$ 2,426.4
<u>CAPITAL ASSETS</u>		
Plant, Property, & Equipment, Net of Accumulated Depreciation	\$ 594.3	\$ 564.6
Construction in Progress	892.7	272.8
Right of Use Assets	34.5	34.7
Total Capital Assets	\$ 1,521.5	\$ 872.2
<u>ASSETS LIMITED AS TO USE & RESTRICTED ASSETS</u>		
Debt Service & Capital Asset Funds	\$ 310.0	\$ 35.4
LPPF Restricted Cash	226.7	159.9
Capital Gift Proceeds	56.7	54.3
Other - Restricted	6.1	1.0
Total Assets Limited As to Use & Restricted Assets	\$ 599.6	\$ 250.6
Other Assets	48.5	43.7
Deferred Outflows of Resources	138.8	182.3
Total Assets & Deferred Outflows of Resources	\$ 5,166.9	\$ 3,775.3
<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	\$ 504.2	\$ 324.8
Employee Compensation & Related Liabilities	182.0	161.5
Deferred Revenue - Ad Valorem	927.1	767.0
Estimated Third-Party Payor Settlements	41.5	30.7
Current Portion Long-Term Debt and Capital Leases	37.0	36.5
Total Current Liabilities	\$ 1,691.8	\$ 1,320.4
Long-Term Debt	1,105.0	277.7
Net Pension & Post Employment Benefits Liability	640.3	684.8
Other Long-Term Liabilities	5.7	8.1
Deferred Inflows of Resources	82.2	110.4
Total Liabilities	\$ 3,525.0	\$ 2,401.4
Total Net Assets	\$ 1,641.9	\$ 1,373.9
Total Liabilities & Net Assets	\$ 5,166.9	\$ 3,775.3

Cash Flow Summary



As of the Quarter Ended December 31, 2025 and 2024 (in \$ Millions)

	QUARTER-TO-QUARTER		YEAR-TO-DATE	
	CURRENT YEAR	PRIOR YEAR	CURRENT YEAR	PRIOR YEAR
CASH RECEIPTS				
Collections on Patient Accounts	\$ 221.0	\$ 205.6	\$ 221.0	\$ 205.6
Medicaid Supplemental Programs	23.4	9.3	23.4	9.3
Net Ad Valorem Taxes	104.3	95.8	104.3	95.8
Tobacco Settlement	-	-	-	-
Other Revenue	209.9	29.8	209.9	29.8
Total Cash Receipts	\$ 558.6	\$ 340.5	\$ 558.6	\$ 340.5
CASH DISBURSEMENTS				
Salaries, Wages and Benefits	\$ 350.6	\$ 300.7	\$ 350.6	\$ 300.7
Supplies	92.2	96.3	92.2	96.3
Physician Services	112.5	105.7	112.5	105.7
Purchased Services	68.7	73.9	68.7	73.9
Capital Expenditures	250.5	89.2	250.5	89.2
Debt and Interest Payments	0.8	0.8	0.8	0.8
Other Uses	(18.5)	(0.3)	(18.5)	(0.3)
Total Cash Disbursements	\$ 856.7	\$ 666.2	\$ 856.7	\$ 666.2
Net Change	\$ (298.1)	\$ (325.7)	\$ (298.1)	\$ (325.7)
Unrestricted cash, cash equivalents and investments - Beginning of year			\$ 1,647.8	
Net Change			\$ (298.1)	
Unrestricted cash, cash equivalents and investments - End of period			\$ 1,349.8	

Performance Ratios



As of the Quarter Ended December 31, 2025 and 2024 (in \$ Millions)

	QUARTER-TO-DATE		YEAR-TO-DATE		
	CURRENT YEAR	CURRENT BUDGET	CURRENT YEAR	CURRENT BUDGET	PRIOR YEAR
<u>OPERATING HEALTH INDICATORS</u>					
Operating Margin %	10.7%	2.9%	10.7%	2.9%	3.3%
Run Rate per Day (In\$ Millions)	\$ 6.6	\$ 7.2	\$ 6.6	\$ 7.2	\$ 6.4
Salary, Wages & Benefit per APD	\$ 2,468	\$ 2,658	\$ 2,468	\$ 2,658	\$ 2,380
Supply Cost per APD	\$ 592	\$ 651	\$ 592	\$ 651	\$ 599
Physician Services per APD	\$ 882	\$ 877	\$ 882	\$ 877	\$ 840
Total Expense per APD	\$ 4,792	\$ 5,098	\$ 4,792	\$ 5,098	\$ 4,581
Overtime as a % of Total Salaries	2.8%	2.6%	2.8%	2.6%	3.3%
Contract as a % of Total Salaries	3.1%	2.8%	3.1%	2.8%	3.4%
Full-time Equivalent Employees	10,371	10,740	10,371	10,740	10,448
<u>FINANCIAL HEALTH INDICATORS</u>					
Quick Ratio			1.7		1.8
Unrestricted Cash (In \$ Millions)			\$ 1,349.8	\$ 1,630.0	\$ 1,137.7
Days Cash on Hand			202.1	226.4	175.9
Days Revenue in Accounts Receivable			65.7	66.7	66.7
Days in Accounts Payable			56.3		45.3
Capital Expenditures/Depreciation & Amortization			1012.6%		376.3%
Average Age of Plant(years)			10.1		9.8

Harris Health Key Indicators



Statistical Highlights



As of the Quarter Ended December 31, 2025 and 2024

	QUARTER-TO-DATE			YEAR-TO-DATE				
	CURRENT QUARTER	CURRENT BUDGET	PERCENT CHANGE	CURRENT YEAR	CURRENT BUDGET	PERCENT CHANGE	PRIOR YEAR	PERCENT CHANGE
Adjusted Patient Days	132,752	134,681	-1.4%	132,752	134,681	-1.4%	134,543	-1.3%
Outpatient % of Adjusted Volume	62.2%	62.8%	-1.0%	62.2%	62.8%	-1.0%	63.1%	-1.5%
Primary Care Clinic Visits	131,770	128,352	2.7%	131,770	128,352	2.7%	137,218	-4.0%
Specialty Clinic Visits	61,798	61,646	0.2%	61,798	61,646	0.2%	63,314	-2.4%
Telehealth Clinic Visits	30,663	27,103	13.1%	30,663	27,103	13.1%	29,905	2.5%
Total Clinic Visits	224,231	217,101	3.3%	224,231	217,101	3.3%	230,437	-2.7%
Emergency Room Visits - Outpatient	33,349	35,776	-6.8%	33,349	35,776	-6.8%	35,513	-6.1%
Emergency Room Visits - Admitted	5,519	5,305	4.0%	5,519	5,305	4.0%	5,266	4.8%
Total Emergency Room Visits	38,868	41,081	-5.4%	38,868	41,081	-5.4%	40,779	-4.7%
Surgery Cases - Outpatient	3,034	2,834	7.1%	3,034	2,834	7.1%	2,941	3.2%
Surgery Cases - Inpatient	2,613	2,766	-5.5%	2,613	2,766	-5.5%	2,755	-5.2%
Total Surgery Cases	5,647	5,600	0.8%	5,647	5,600	0.8%	5,696	-0.9%
Total Outpatient Visits	379,309	421,862	-10.1%	379,309	421,862	-10.1%	387,120	-2.0%
Inpatient Cases (Discharges)	7,694	8,145	-5.5%	7,694	8,145	-5.5%	7,852	-2.0%
Outpatient Observation Cases	2,648	2,861	-7.4%	2,648	2,861	-7.4%	3,006	-11.9%
Total Cases Occupying Patient Beds	10,342	11,006	-6.0%	10,342	11,006	-6.0%	10,858	-4.8%
Births	1,125	1,509	-25.4%	1,125	1,509	-25.4%	1,479	-23.9%
Inpatient Days	50,217	50,103	0.2%	50,217	50,103	0.2%	49,640	1.2%
Outpatient Observation Days	8,400	10,461	-19.7%	8,400	10,461	-19.7%	10,974	-23.5%
Total Patient Days	58,617	60,564	-3.2%	58,617	60,564	-3.2%	60,614	-3.3%
Average Daily Census	637.1	658.3	-3.2%	637.1	658.3	-3.2%	658.8	-3.3%
Average Operating Beds	701	704	-0.5%	701	704	-0.5%	702	-0.2%
Bed Occupancy %	90.9%	93.5%	-2.8%	90.9%	93.5%	-2.8%	93.9%	-3.1%
Inpatient Average Length of Stay	6.53	6.15	6.1%	6.53	6.15	6.1%	6.32	3.2%
Inpatient Case Mix Index (CMI)	1.663	1.712	-2.9%	1.663	1.712	-2.9%	1.695	-1.9%
Payor Mix (% of Charges)								
Charity & Self Pay	44.7%	45.5%	-1.9%	44.7%	45.5%	-1.9%	42.0%	6.2%
Medicaid & Medicaid Managed	20.5%	18.8%	9.0%	20.5%	18.8%	9.0%	19.8%	3.3%
Medicare & Medicare Managed	11.2%	10.6%	5.4%	11.2%	10.6%	5.4%	11.0%	2.2%
Commercial & Other	23.7%	25.1%	-5.6%	23.7%	25.1%	-5.6%	27.2%	-12.9%
Total Unduplicated Patients - Rolling 12				238,651			246,362	-3.1%
Total New Patient - Rolling 12				82,813			89,985	-8.0%

Harris Health

Statistical Highlights

As of the Quarter Ended December 31, 2025

Cases Occupying Beds - Q1

Actual	Budget	Prior Year
10,342	11,006	10,858

Cases Occupying Beds - YTD

Actual	Budget	Prior Year
10,342	11,006	10,858

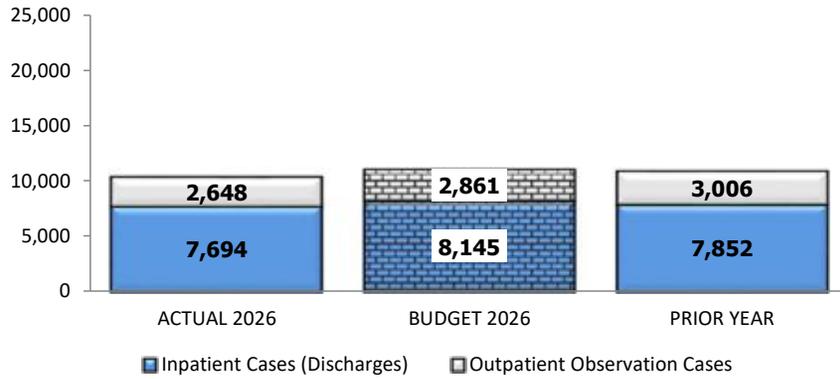
Emergency Visits - Q1

Actual	Budget	Prior Year
38,868	41,081	40,779

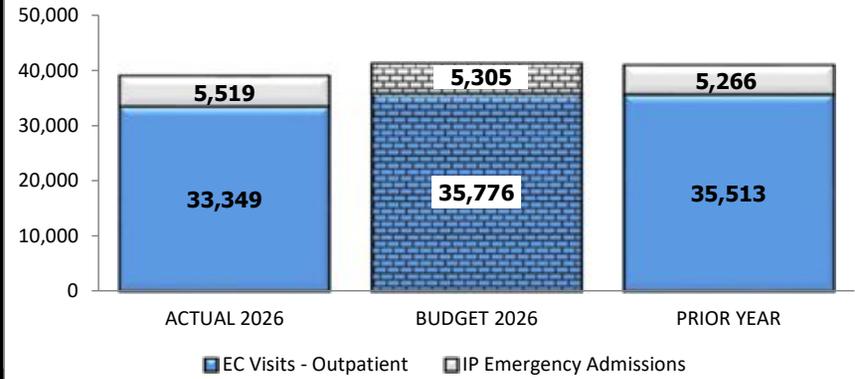
Emergency Visits - YTD

Actual	Budget	Prior Year
38,868	41,081	40,779

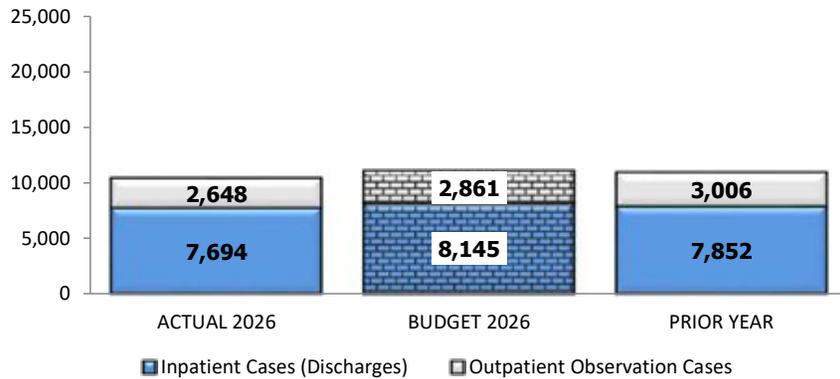
Cases Occupying Beds - Quarter End



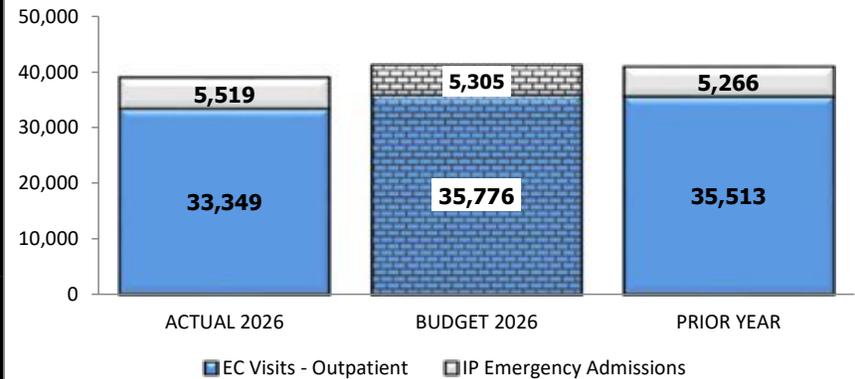
Emergency Visits - Quarter End



Cases Occupying Beds - YTD



Emergency Visits - YTD



Harris Health

Statistical Highlights

As of the Quarter Ended December 31, 2025

Surgery Cases - Q1

Actual	Budget	Prior Year
5,647	5,600	5,696

Surgery Cases - YTD

Actual	Budget	Prior Year
5,647	5,600	5,696

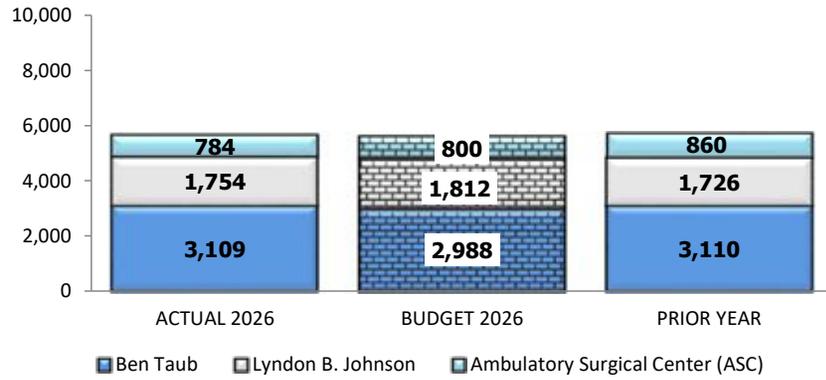
Clinic Visits - Q1

Actual	Budget	Prior Year
224,231	217,101	230,437

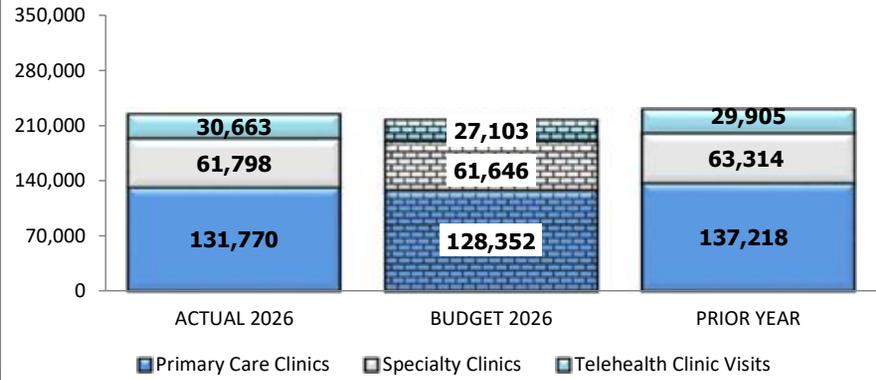
Clinic Visits - YTD

Actual	Budget	Prior Year
224,231	217,101	230,437

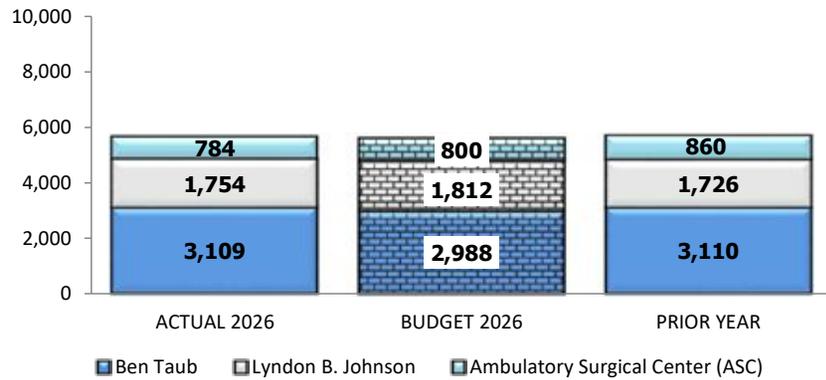
Surgery Cases - Quarter End



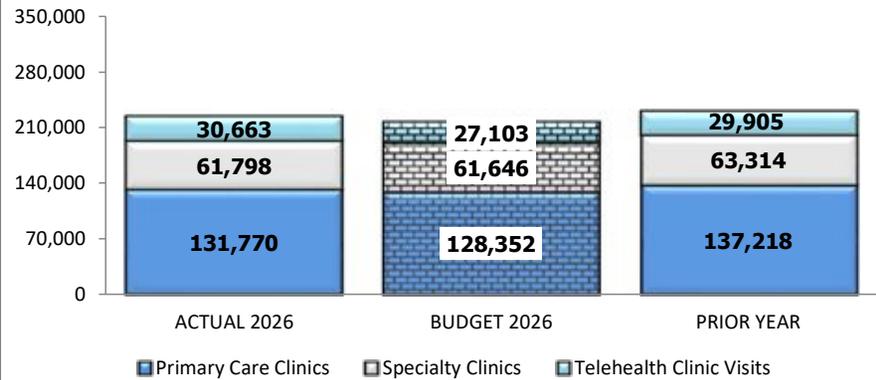
Clinic Visits - Quarter End



Surgery Cases - YTD



Clinic Visits - YTD



Harris Health

Statistical Highlights

As of the Quarter Ended December 31, 2025

Adjusted Patient Days - Q1

132,752

Adjusted Patient Days - YTD

132,752

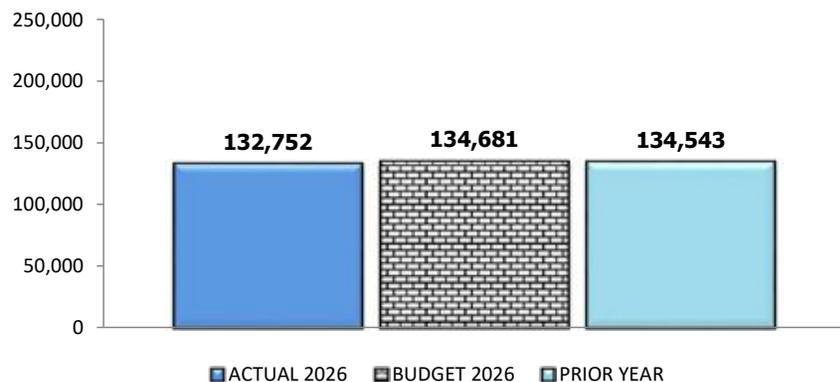
Average Daily Census - Q1

637.1

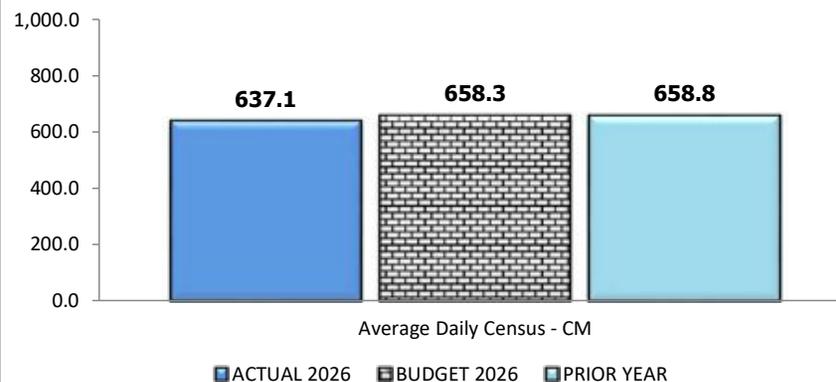
Average Daily Census - YTD

637.1

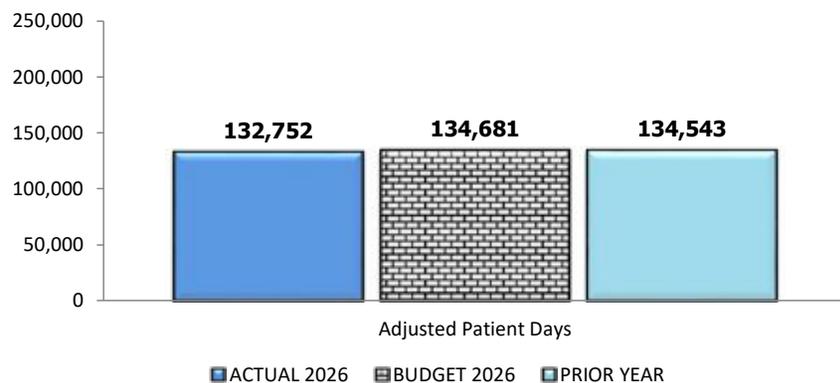
Adjusted Patient Days - Quarter End



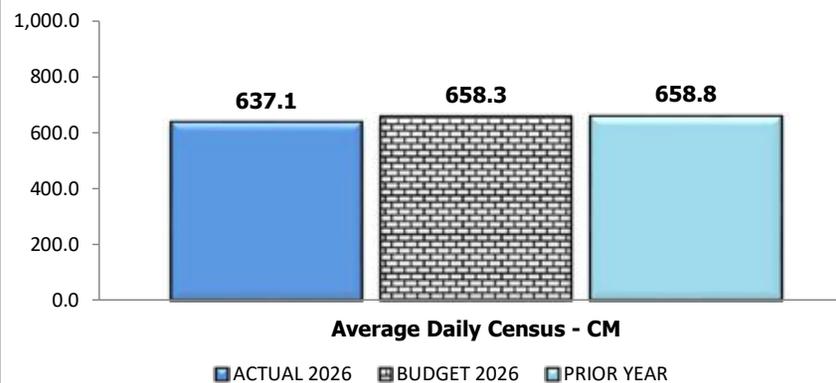
Average Daily Census - Quarter End



Adjusted Patient Days - YTD



Average Daily Census - YTD



Harris Health

Statistical Highlights

As of the Quarter Ended December 31, 2025

Inpatient ALOS - Q1

6.53

Inpatient ALOS - YTD

6.53

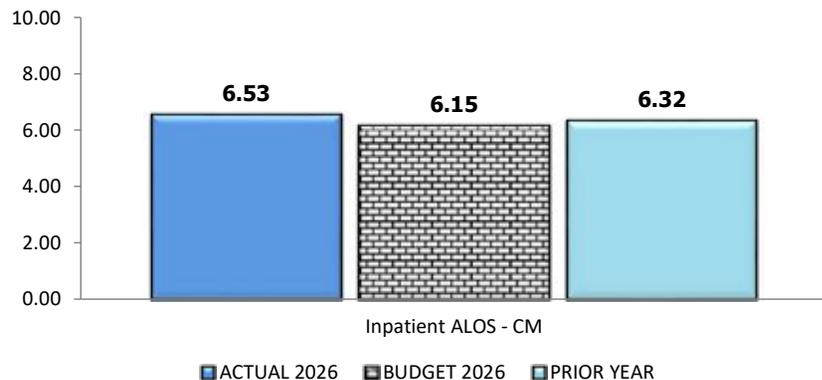
Case Mix Index - Q1

Overall	Excl. Obstetrics
1.663	1.827

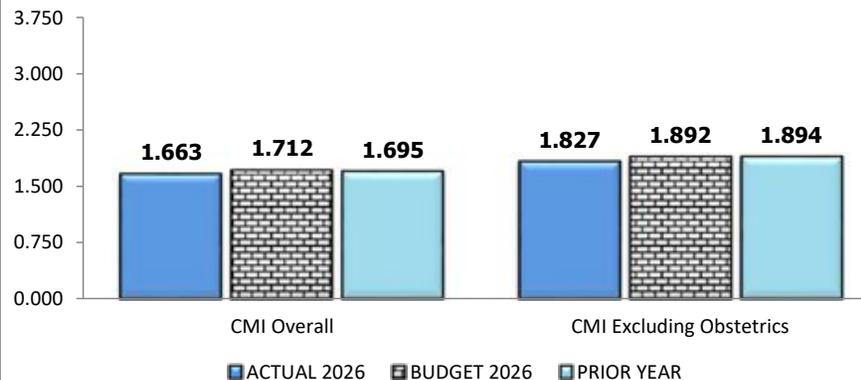
Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.663	1.827

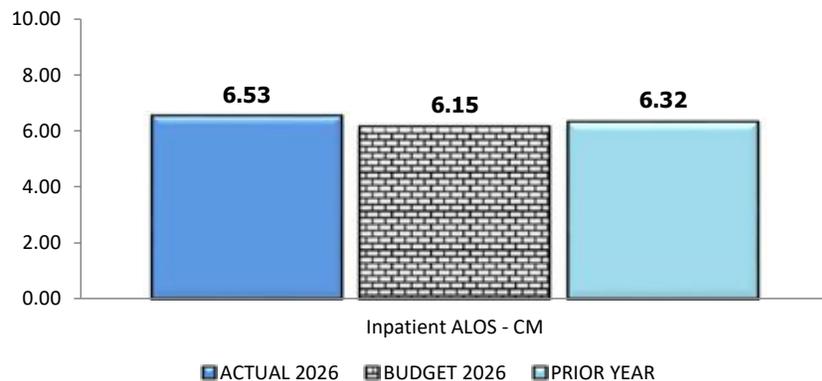
Inpatient ALOS - Quarter End



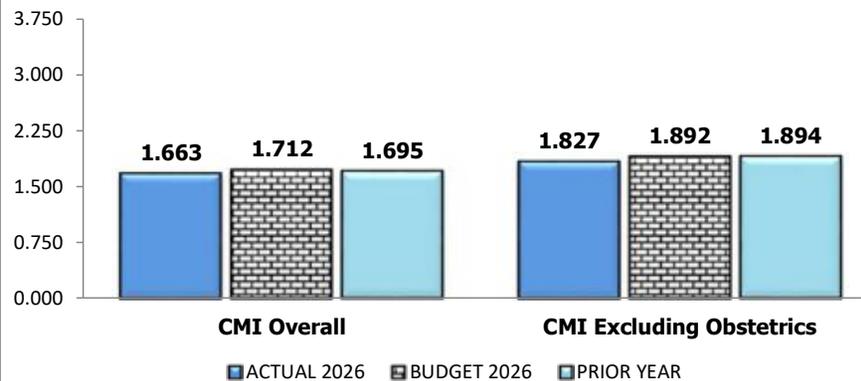
Case Mix Index - Quarter End



Inpatient ALOS - YTD



Case Mix Index - YTD



Harris Health

Statistical Highlights - Cases Occupying Beds

As of the Quarter Ended December 31, 2025

BT Cases Occupying Beds - Q1

Actual	Budget	Prior Year
5,941	6,578	6,333

BT Cases Occupying Beds - YTD

Actual	Budget	Prior Year
5,941	6,578	6,333

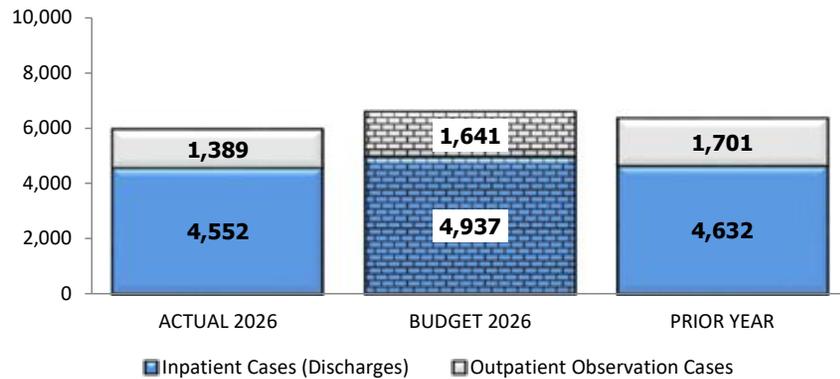
LBJ Cases Occupying Beds - Q1

Actual	Budget	Prior Year
4,370	4,307	4,480

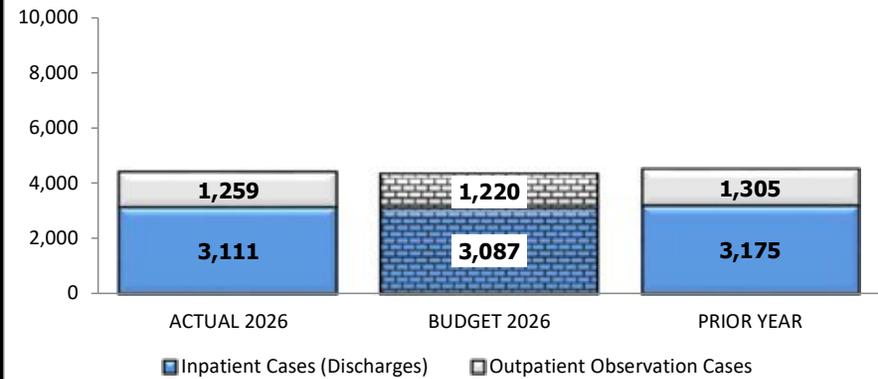
LBJ Cases Occupying Beds - YTD

Actual	Budget	Prior Year
4,370	4,307	4,480

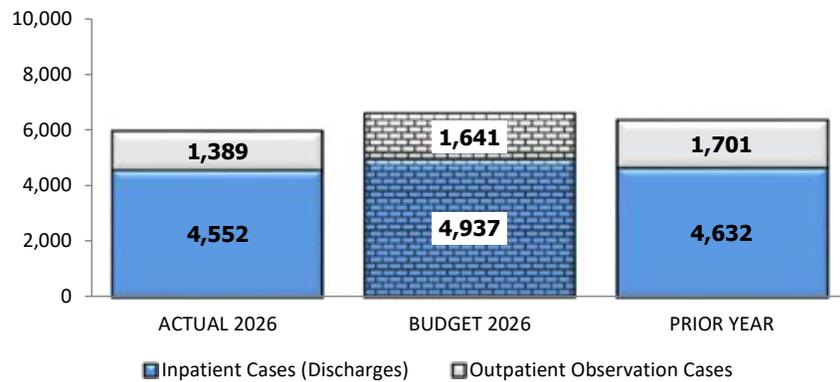
Ben Taub Cases - Quarter End



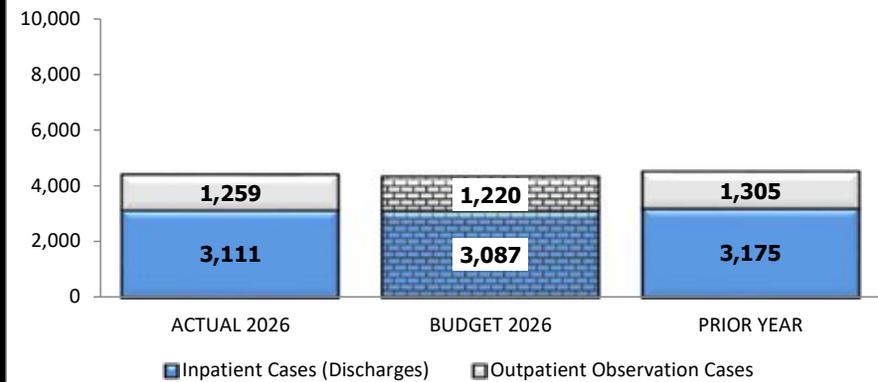
Lyndon B. Johnson Cases - Quarter End



Ben Taub Cases - YTD



Lyndon B. Johnson Cases - YTD



Harris Health

Statistical Highlights - Surgery Cases

As of the Quarter Ended December 31, 2025

BT Surgery Cases - Q1

Actual	Budget	Prior Year
3,109	2,988	3,110

BT Surgery Cases - YTD

Actual	Budget	Prior Year
3,109	2,988	3,110

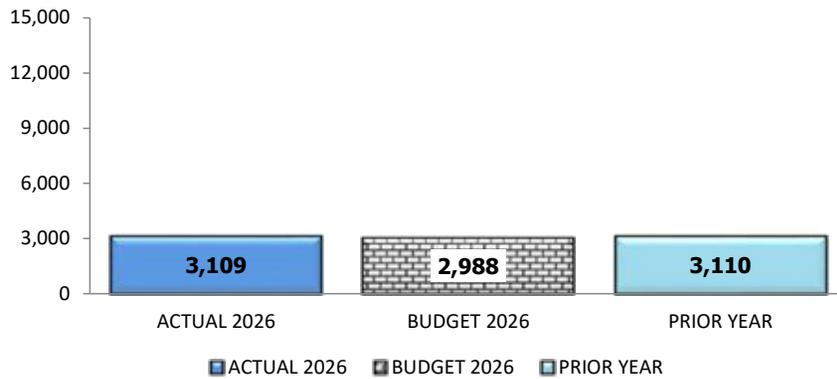
LBJ Surgery Cases - Q1

Actual	Budget	Prior Year
2,538	2,612	2,586

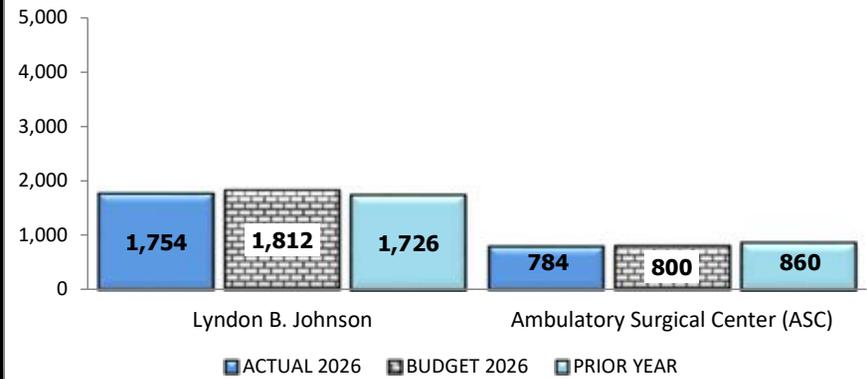
LBJ Surgery Cases - YTD

Actual	Budget	Prior Year
2,538	2,612	2,586

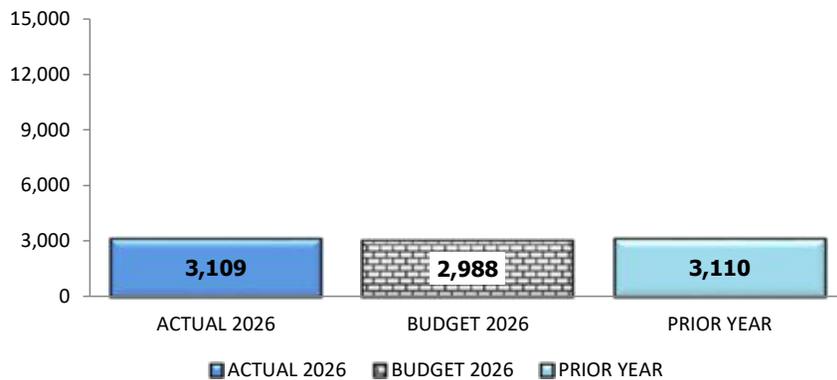
Ben Taub OR Cases - Quarter End



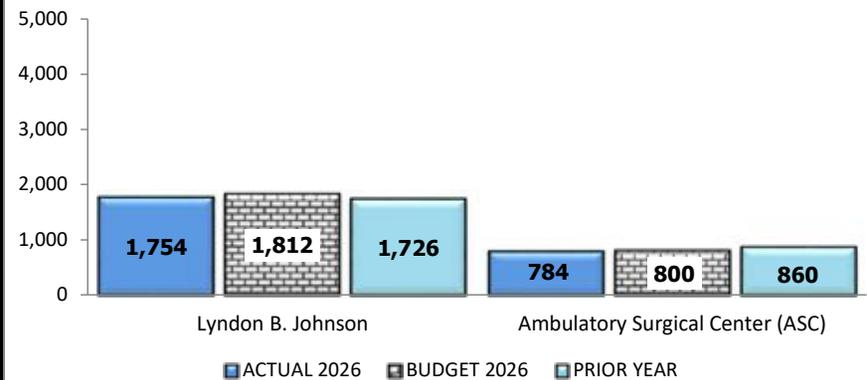
Lyndon B. Johnson OR Cases - Quarter End



Ben Taub OR Cases - YTD



Lyndon B. Johnson OR Cases - YTD



Harris Health

Statistical Highlights - Emergency Room Visits

As of the Quarter Ended December 31, 2025

BT Emergency Visits - Q1

Actual	Budget	Prior Year
19,519	20,954	20,639

BT Emergency Visits - YTD

Actual	Budget	Prior Year
19,519	20,954	20,639

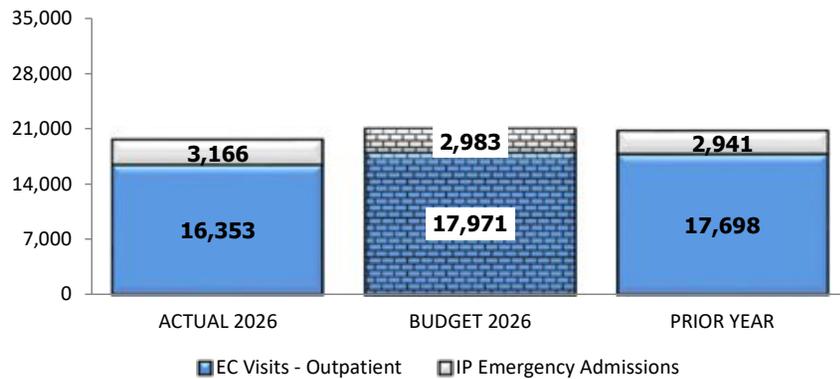
LBJ Emergency Visits - Q1

Actual	Budget	Prior Year
19,349	20,127	20,140

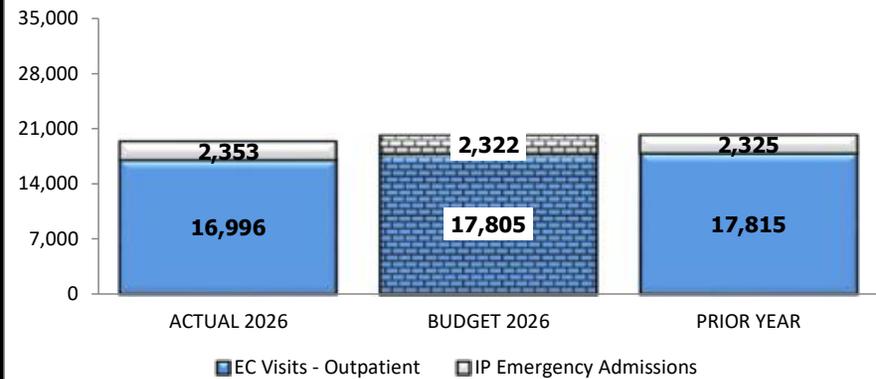
LBJ Emergency Visits - YTD

Actual	Budget	Prior Year
19,349	20,127	20,140

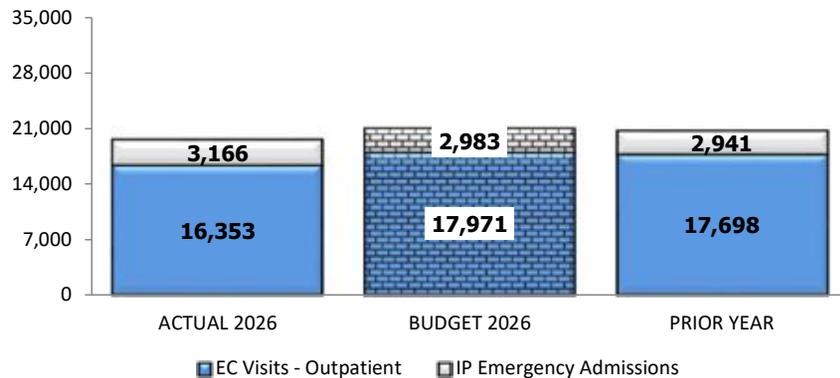
Ben Taub EC Visits - Quarter End



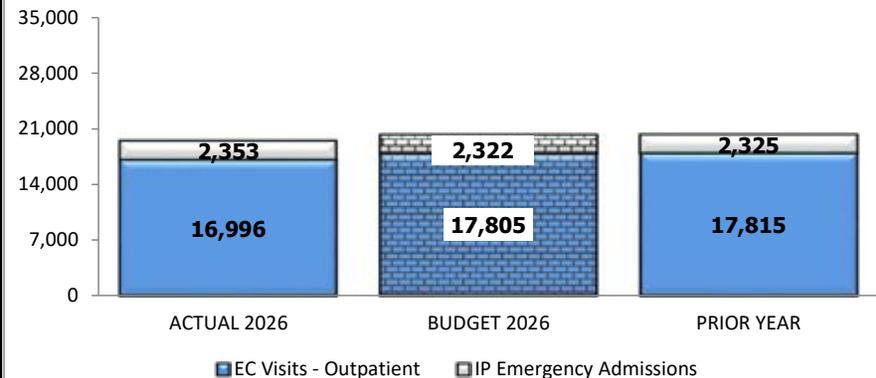
Lyndon B. Johnson EC Visits - Quarter End



Ben Taub EC Visits - YTD



Lyndon B. Johnson EC Visits - YTD



Harris Health

Statistical Highlights - Births

As of the Quarter Ended December 31, 2025

BT Births - Q1

Actual	Budget	Prior Year
636	869	833

BT Births - YTD

Actual	Budget	Prior Year
636	869	833

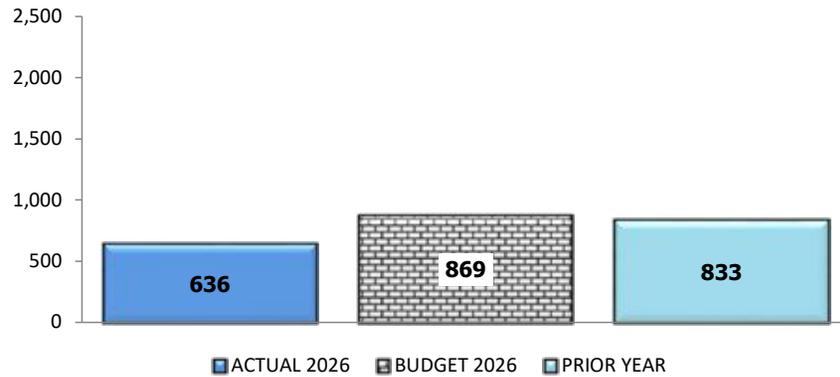
LBJ Births - Q1

Actual	Budget	Prior Year
489	640	646

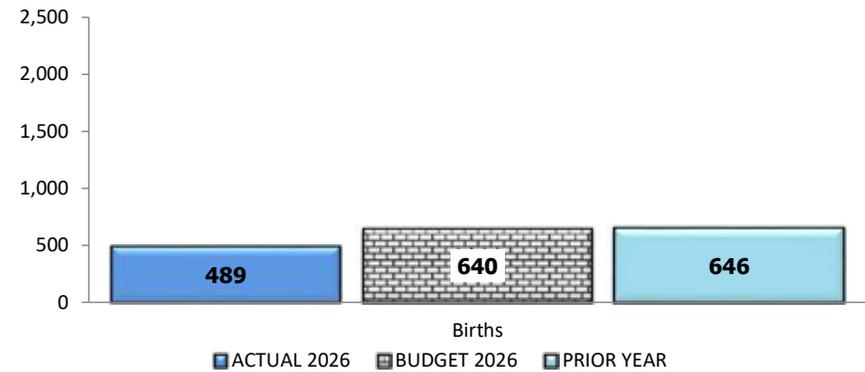
LBJ Births - YTD

Actual	Budget	Prior Year
489	640	646

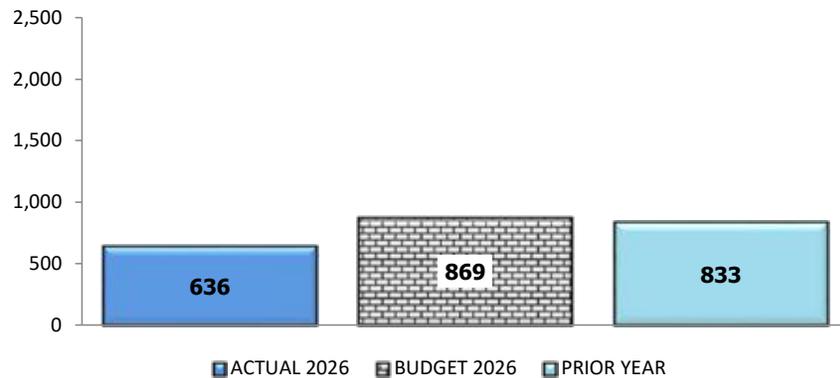
Ben Taub Births - Quarter End



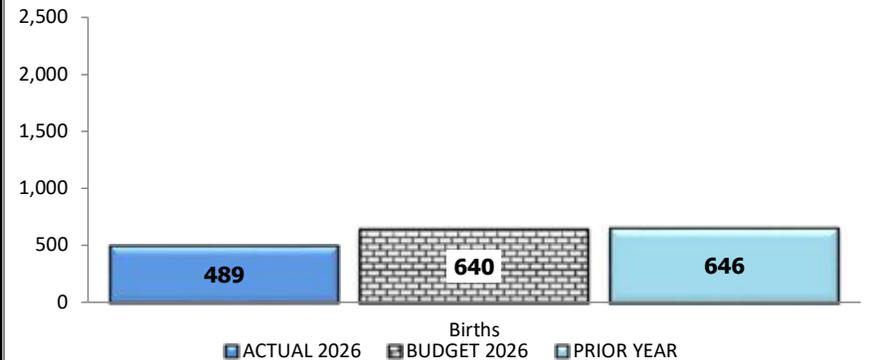
Lyndon B. Johnson Births - Quarter End



Ben Taub Births - YTD



Lyndon B. Johnson Births - YTD



Harris Health

Statistical Highlights - Adjusted Patient Days

As of the Quarter Ended December 31, 2025

BT Adjusted Patient Days - Q1

64,798

BT Adjusted Patient Days - YTD

64,798

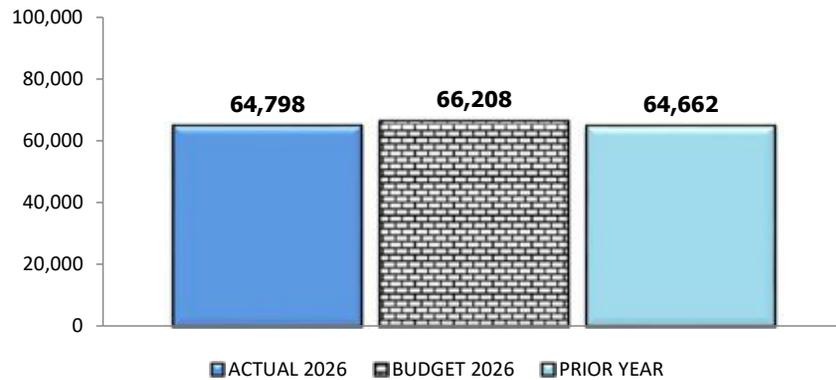
LBJ Adjusted Patient Days - Q1

40,191

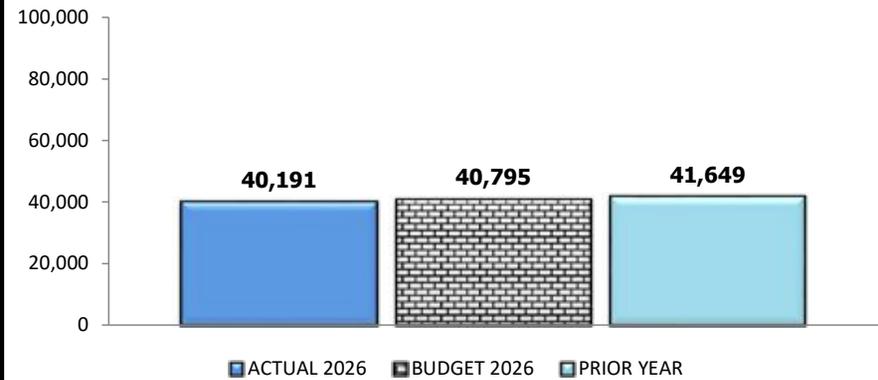
LBJ Adjusted Patient Days - YTD

40,191

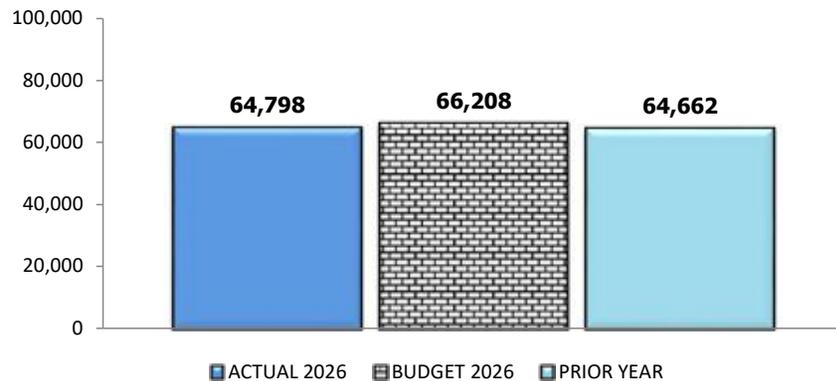
Ben Taub APD - Quarter End



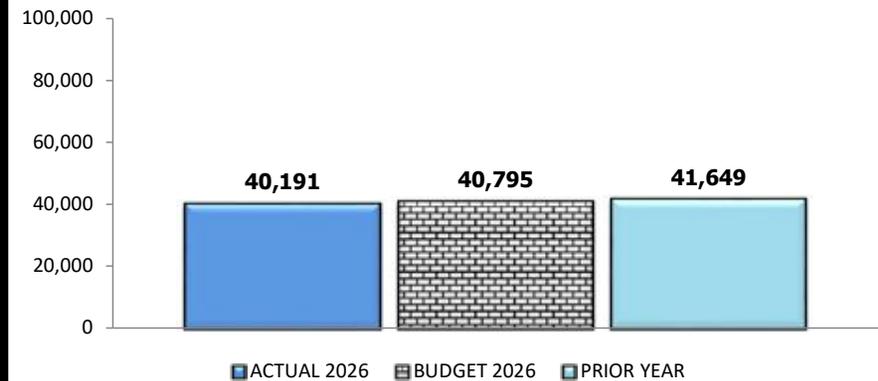
Lyndon B. Johnson APD - Quarter End



Ben Taub APD - YTD



Lyndon B. Johnson APD - YTD



Harris Health

Statistical Highlights - Average Daily Census (ADC)

As of the Quarter Ended December 31, 2025

BT Average Daily Census - Q1

411.7

BT Average Daily Census - YTD

411.7

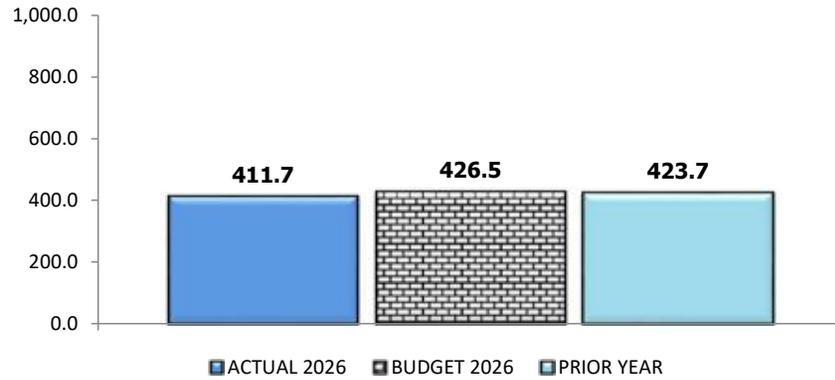
LBJ Average Daily Census - YTD

224.0

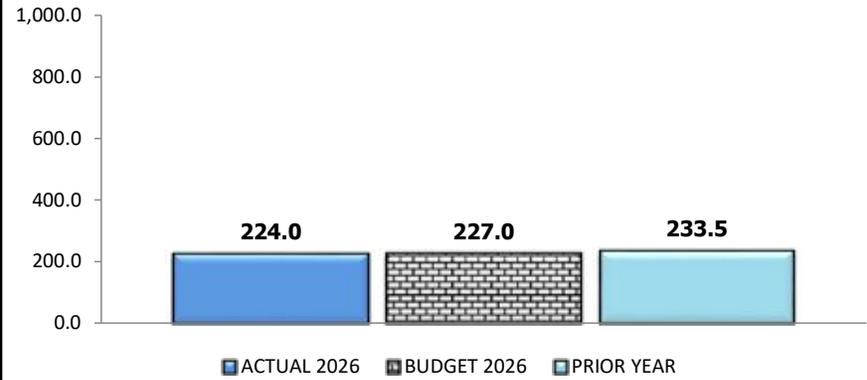
LBJ Average Daily Census - YTD

224.0

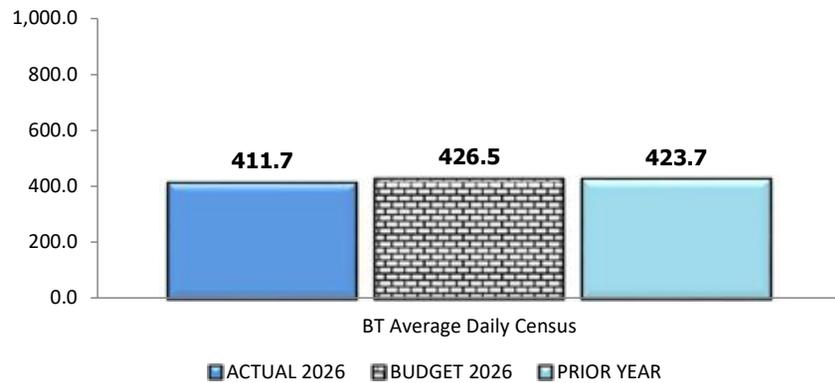
Ben Taub ADC - Quarter End



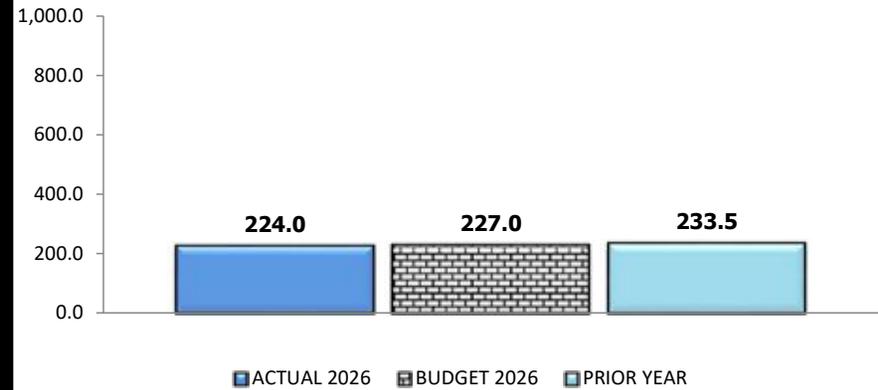
Lyndon B. Johnson ADC - Quarter End



Ben Taub ADC - YTD



Lyndon B. Johnson ADC - YTD



Harris Health

Statistical Highlights - Inpatient Average Length of Stay (ALOS)

As of the Quarter Ended December 31, 2025

BT Inpatient ALOS - Q1

7.27

BT Inpatient ALOS - YTD

7.27

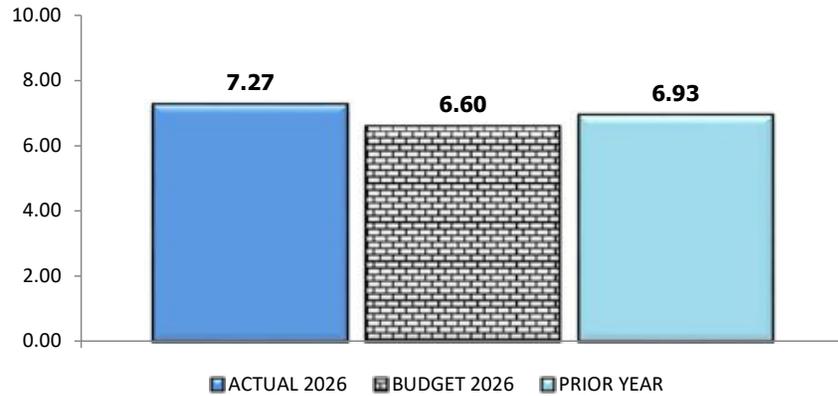
LBJ Inpatient ALOS - Q1

5.46

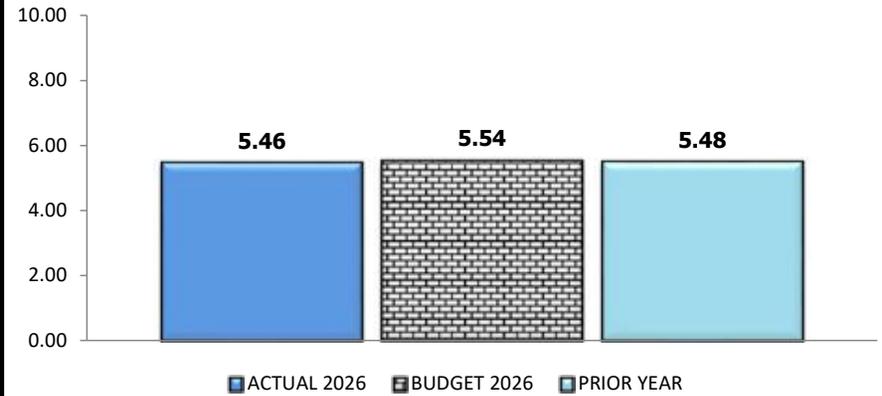
LBJ Inpatient ALOS - YTD

5.46

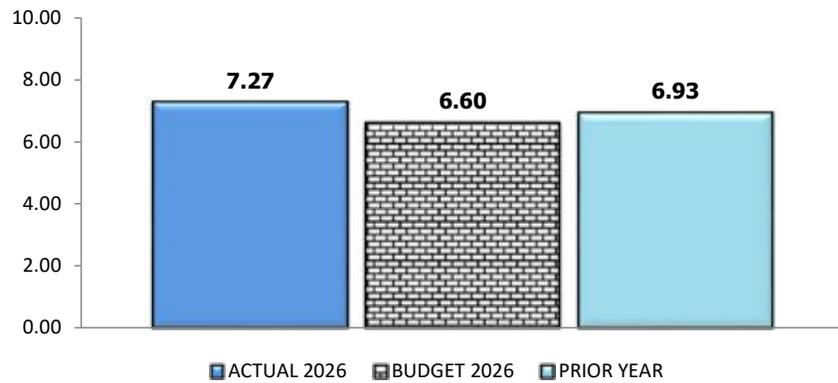
Ben Taub ALOS - Quarter End



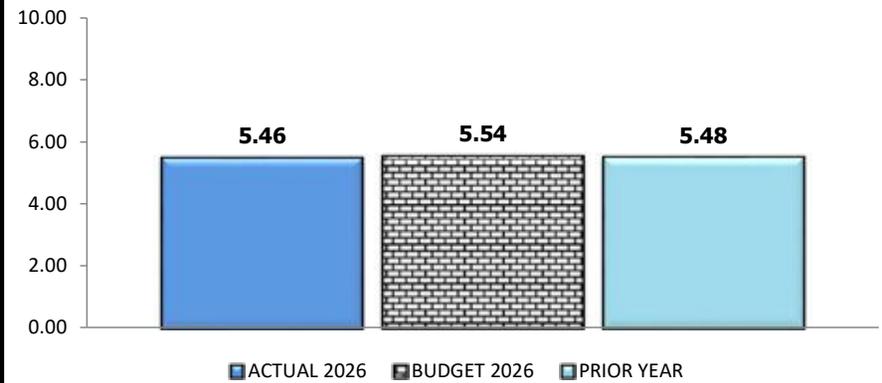
Lyndon B. Johnson ALOS - Quarter End



Ben Taub ALOS - YTD



Lyndon B. Johnson ALOS - YTD



Harris Health

Statistical Highlights - Case Mix Index (CMI)

As of the Quarter Ended December 31, 2025

BT Case Mix Index (CMI) - Q1

Overall	Excl. Obstetrics
1.768	1.928

BT Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.768	1.928

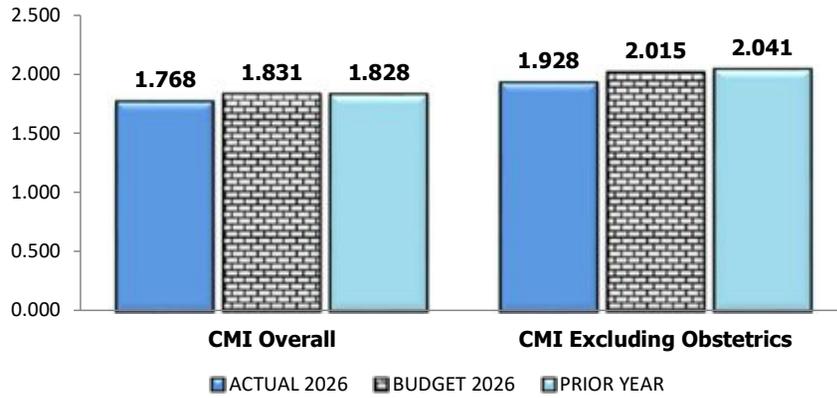
LBJ Case Mix Index (CMI) - Q1

Overall	Excl. Obstetrics
1.515	1.682

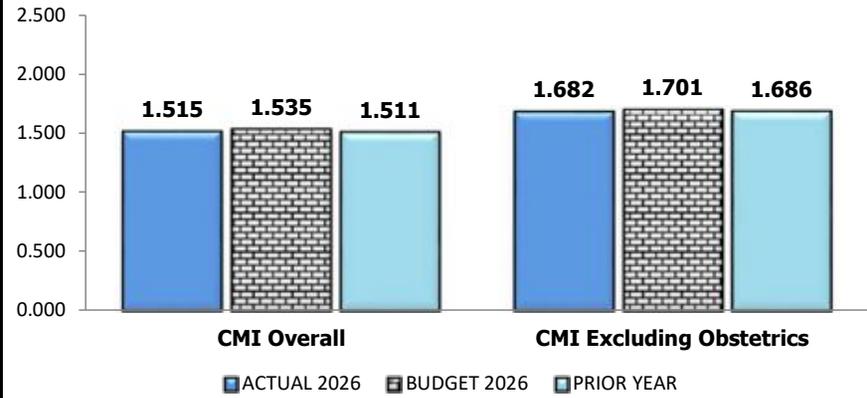
LBJ Case Mix Index (CMI) - YTD

Overall	Excl. Obstetrics
1.515	1.682

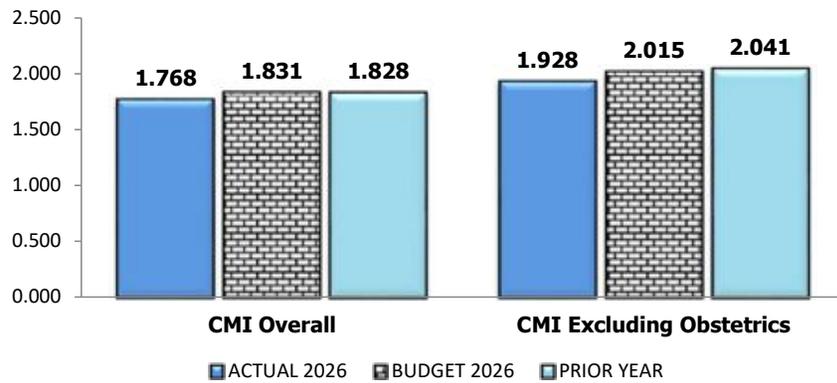
Ben Taub CMI - Quarter End



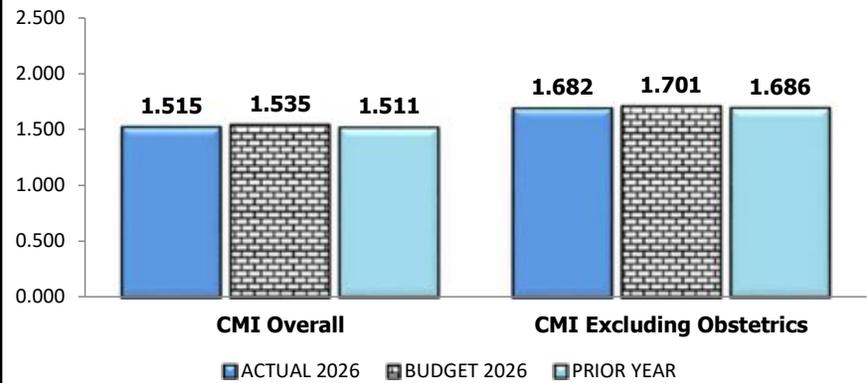
Lyndon B. Johnson CMI - Quarter End



Ben Taub CMI - YTD



Lyndon B. Johnson CMI - YTD



BOARD OF TRUSTEES

Compliance and Audit Committee

Thursday, February 26, 2026
10:15 AM

(or immediately following the Budget and Finance Committee meeting)

BOARD ROOM
4800 Fournace Place, Bellaire, Texas 77401

The meeting may be viewed online at: <http://harrishealthtx.swagit.com/live>.

Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a public, integrated health system dedicated to improving the health of our communities by delivering high-quality, person-centered care in collaboration with community and academic partners.

AGENDA

I. Call to Order and Record of Attendance	Ms. Carol Paret	1 min
II. Approval of the Minutes of Previous Meeting	Ms. Carol Paret	2 min
<ul style="list-style-type: none"> • Compliance and Audit Committee Meeting – November 13, 2025 		
III. Presentation Regarding the Harris Health Quarterly Internal Audit Update as of February 26, 2026 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor		10 min
IV. Executive Session	Ms. Carol Paret	75 min
<ul style="list-style-type: none"> A. Presentation Regarding Harris County Auditor’s Report Related to the Referral Process, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 – Mr. Mike Post, Harris County Auditor and Ms. Sharon Brantley Smith, Chief Assistant County Auditor 		<i>(25 min)</i>
<ul style="list-style-type: none"> B. Report by the Vice President, Chief Information Security Officer, Regarding Harris Health’s Fiscal Year 2025 Payment Card Industry (PCI) Merchant Assessment, Pursuant to Tex. Gov’t Code §418.183, Tex. Gov’t Code §551.089, and Tex. Health & Safety Code §161.032 – Mr. Salman Khan 		<i>(5 min)</i>
<ul style="list-style-type: none"> C. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032 – Ms.Carolynn Jones 		<i>(45 min)</i>
V. Reconvene	Ms. Carol Paret	1 min
VI. Adjournment	Ms. Carol Paret	1 min

[HARRIS HEALTH](#)
[BOARD OF TRUSTEES](#)
[COMPLIANCE & AUDIT COMMITTEE MEETING MINUTES](#)
[Thursday, November 13, 2025](#)
[10:15 AM](#)

or immediately following the Budget and Finance Committee meeting)

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
I. Call to Order and Record of Attendance	The meeting was called to order at 10:15 A.M. by Ms. Carol Paret, Chair. A quorum was noted as present, and attendance was recorded. The meeting may be viewed live via the Harris Health website: http://harrishealthtx.swagit.com/live .	
II. Approval of the Minutes of the Previous Meeting	<ul style="list-style-type: none"> • Compliance and Audit Committee Meeting – September 11, 2025 	Moved by Ms. Carol Paret, seconded by Mr. Paul Puente, and unanimously approved the minutes of the September 11, 2025, meeting. Motion carried.
III. Presentation Regarding the Harris Health Independent Auditor’s Pre-audit Communication for the Year Ended September 30, 2025	Mr. Chris Clark of FORVIS MAZARS, presented the Harris Health Independent Auditor’s Pre-audit Communication for the year ended September 30, 2025. He provided an overview of the planned audit services, including statutory and compliance audits, key risk areas, control assessments, and the preliminary audit scope. A copy of the presentation is available in the permanent record.	As Presented.
IV. Presentation Regarding the Harris Health Internal Audit Annual Update for the Period October 1, 2024, through September 30, 2025	Ms. Sharon Brantley-Smith, Chief Assistant County Auditor, Harris County Auditor’s Office, presented the Harris Health Internal Audit annual update for the period October 1, 2024, through September 30, 2025. She reviewed completed audits, ongoing engagements, observations, recommendations, and follow-up on outstanding management action plans. Ms. Brantley-Smith highlighted that 75% of the annual audit plan had been completed, post-engagement survey ratings averaged 4.5 out of 5.0, and discussed the results of various audits conducted by the internal audit team. A copy of the presentation is available in the permanent record.	As Presented.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>V. Consideration of Recommendation for Approval of the Harris Health 2026 Internal Audit Charter to the Harris Health Board of Trustees</p>	<p>Ms. Brantley-Smith presented the Harris Health 2026 Internal Audit Charter. She explained that the Charter had been updated and approved in the previous year, remained in compliance with professional standards, and included all necessary roles and responsibilities for the internal audit function. A copy of the Harris Health 2026 internal Audit Charter is available in the permanent record.</p>	<p>Moved by Mr. Paul Puente, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item V.</p>
<p>VI. Consideration of Recommendation for Approval of the Harris Health 2026-2029 Internal Audit Strategic Plan to the Harris Health Board of Trustees</p>	<p>Ms. Brantley-Smith presented the Harris Health 2026–2029 Internal Audit Strategic Plan. She reviewed the strategic goals, including audit turnaround time, increased focus on patient care and revenue cycle audits, and enhanced data analytics capabilities. The discussion included alignment with organizational priorities and anticipated improvements in audit efficiency and effectiveness. A copy of the presentation is available in the permanent record.</p>	<p>Moved by Mr. Paul Puente, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item VI.</p>
<p>VII. Executive Session</p>	<p>At 10:45 A.M., Ms. Paret announced that the Compliance & Audit Committee would enter into Executive Session for Items VII ‘A through E’ as permitted by law under Tex. Occ. Code Ann. §151.002, Tex. Gov’t Code Ann. §§418.183, 551.089, and 551.071, and Tex. Health & Safety Code Ann. §161.032.</p>	
<p>A. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032</p>		<p>No Action Taken.</p>

<p>B. Presentation Regarding the Harris County Auditor’s Fiscal Year 2026 Annual Risk Assessment and Audit Plan Process, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Codes Ann. §§418.183, 551.089, Including Consideration of Recommendation for Approval of the Harris Health Fiscal Year 2026 Internal Audit Plan, Compliance Program Audit Plan, and Internal Quality Audit Plan to the Harris Health Board of Trustees Upon Return to Open Session</p>		<p>Moved by Mr. Paul Puente, seconded by Ms. Carol Paret, and unanimously accepted that the Committee recommends that the Board approve item VII.B.</p>
<p>C. Presentation Regarding Harris County Auditor’s Report Regarding Past-Due High-Priority Management Action Plans, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071</p>		<p>No Action Taken.</p>

D. Presentation Regarding Harris County Auditor’s Report Related to Sterile Processing Recommendation Follow-up, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071		No Action Taken.
E. Presentation Regarding Harris County Auditor’s Report Related to Cash Handling Internal Audit, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071		No Action Taken.
VIII. Reconvene	At 11:38 A.M., Ms. Carol Paret reconvened the meeting in open session, confirmed a quorum, and noted that no action was taken in Executive Session. The Committee then took action on item VII. “B” of the Executive Session Agenda.	
IX. Adjournment	There being no further business and without objection from the Members of the Committee, the meeting adjourned at 11:38 A.M.	

I certify that the foregoing are the Minutes of the Meeting of the Compliance and Audit Committee of the Board of Trustees of the Harris Health System held on November 13, 2025.

Respectfully submitted,

Ms. Carol Paret, BS, Committee Chair

Recorded by Cherry A. Joseph, MBA

Thursday, November 13, 2025
Harris Health Board of Trustees Compliance & Audit Committee Attendance

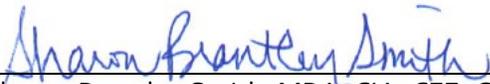
COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Carol Paret (<i>Committee Chair</i>)		Sima Ladjevardian
Paul Puente		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	John Matcek
Anthony Williams	Juliet Ashaolu
Carolynn Jones	Louis Smith
Catherine Walther	Maria Cowles
Cherry Joseph	Dr. Matasha Russell
Chris Clark (<i>Managing Partner, FORVIS MAZARS</i>)	Maureen Bremo
Daniel Smith	Michael Kaitschuck
DeWight Dopslauf	Dr. Michael Nnadi
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Mike Post (<i>Harris County Auditor's Office</i>)
Dr. Esmael Porsa (<i>President & CEO, Harris Health</i>)	Olga Rodriguez
Esperanza "Hope" Galvan	Omar Reid
Dr. Glorimar Medina	Sara Thomas (<i>Harris County Attorney's Office</i>)
Dr. Jackie Brock	Sharon Brantley Smith (<i>Harris County Auditor's Office</i>)
Jeff Dansdill	Shawn DeCosta
Dr. Jennifer Small	Dr. Thomas Cummins
Jennifer Zarate	Victoria Nikitin
Jerry Summers	Vivian Ho-Nguyen

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

Thursday, February 26, 2026

Presentation Regarding the Harris Health Quarterly Internal Audit Update
as of February 26, 2026



Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office



Harris Health Internal Audit

Quarterly Update as of February 26, 2026

Sharon Brantley Smith, Chief Assistant County Auditor – Harris Health

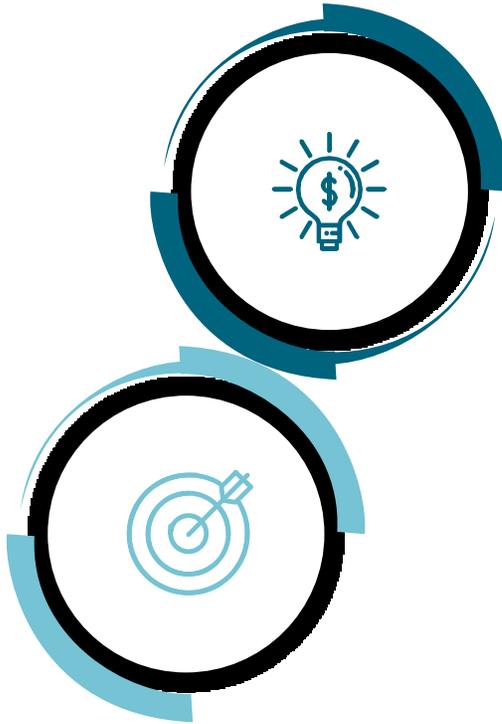
HARRISHEALTH

Internal Audit's Mission & Vision

Mission

Harris Health Internal Audit will add value by helping Harris Health:

- Improve operations and enhance its ability to achieve objectives
- Ensure effective governance, risk management, and control processes
- Improve decision-making and oversight
- Protect its reputation and credibility with stakeholders



Vision

Harris Health Internal Audit will be a trusted advisor with the proven competence, objectivity, innovation, and foresight to help drive a culture of accountability and continuous improvement.

Internal Audit's Strategic Plan at a Glance

Strategy

Strategic Objectives

1. Enhance auditors' efficiency to decrease audit turnaround time, consistently meet or exceed the goal of 75% Audit Plan completion and minimize the number of carryover audits.
2. Continue building Internal Audit's reputation as subject matter experts and trusted advisors by broadening the range of knowledge and experience in patient revenue cycle and patient care operations at Harris Health. Enhance the ability to provide insight to leadership on risks, controls, and process improvements in these areas.
3. Build a mature data analytics function to enhance the effectiveness, efficiency, and coverage of the audit process and strengthen Internal Audit's ability to identify key risks and support the organization's risk management initiatives.

Key Strategic Initiatives to Achieve Objectives

1. Refine engagement objectives and scope as part of the annual risk assessment and Audit Plan development process. Also, encourage transparency and self-reporting of control issues by Harris Health leadership and use this information to minimize or refine fieldwork procedures.
2. Continue collaborating with key Harris Health departments to secure Internal Audit's awareness and appropriate level of involvement in internal or external assessments, initiatives, workgroup meetings, etc. related to patient revenue cycle and clinical/patient care operations.
3. Implement training and collaborative brainstorming to sharpen data analysis skills and increase the usage of data analytics on audit engagements.

State of Audit in 2029

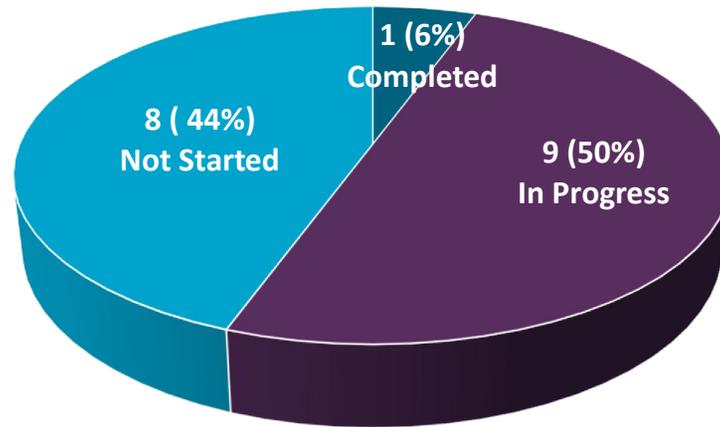
Metrics Describing End State

1. 50% reduction in average audit turnaround time, with each engagement completed within 16 weeks or less, and at least 75% completion of the Audit Plan every year.
2. 15 to 20% of Internal Audit activities each year (including trainings, audits, audit shadowing, leadership support activities, committee meetings, and other endeavours) relate to revenue cycle and patient care operations
3. 70% of audit engagements per year utilize data analytics. A thoughtful consideration of data analytics will be documented for every engagement.

Audit Plan Status

HARRISHEALTH

Summary Status of FY26 Audit Plan



Total Projects: **18**

Detailed Status of FY26 Audit Plan



1 Completed (6%)

1. Referral Process Audit (co-sourced w/Accreditation & Regulatory Affairs)

Attorney-client privileged report to be presented in Executive Session



9 In Progress (50%)

1. Vaccine Management (*Fieldwork*)
2. Capital Asset Management (*Fieldwork*)
3. Cash Handling Audit - Food & Nutrition Services (*Fieldwork*)
4. Follow-up on Recommendations from Protiviti's Procurement Assessment (*Fieldwork*)
5. Follow-up on Recommendations from Forvis's Revenue Cycle Assessment (*Planning*)
6. Clinical Staff Licenses and Certifications Audit (*Planning*)
7. Management Action Plan Follow-up (*Ongoing*)
8. Monitoring of Big Rocks Implementation (*Ongoing*)
9. Harris Health Organizational Meetings (*Ongoing*)



8 Not Started (44%)

1. Correctional Health Nursing Practices Evaluation
2. Contract Compliance Audit
3. Cybersecurity Training Compliance
4. Information Security/Technology Risk Remediation Follow-up
5. LabCorp Payment Audit
6. Grant Billing Audit
7. Financial Assistance Eligibility Process Evaluation
8. FY 2027 Harris Health Risk Assessment

Engagement Updates

HARRISHEALTH

Follow-up on Protiviti's Purchasing Recommendations

In November 2024, Protiviti assessed the current state of Harris Health's procurement processes, identified strengths and weaknesses, and benchmarked the processes against industry standards. Based on the assessment, Protiviti provided 16 detailed recommendations related to:

- Organizational structure and staffing
- Key performance indicators (KPIs) and reporting
- Process automation, efficiency, and cycle time
- Communication, training, and awareness

Harris Health's Senior Vice President for Supply Chain Management, Procurement, and Contract Administration is leading the effort of prioritizing Protiviti's recommendations, collaborating with the responsible parties on implementation, and monitoring the status. Internal Audit has initiated an engagement to monitor progress and validate implementation. It is expected to be a multi-period engagement, due to the level of coordination needed among the responsible parties, the complexity of Harris Health's processes and the related recommendations, and pending organizational technology initiatives (e.g., ServiceNow and a potential new enterprise resource planning system) that could impact contracting and purchasing.

The following pages indicate the status of the 16 recommendations as of January 16, 2026. Initial target implementation dates are being revised and will be included, as possible, in future status updates.

Follow-up on Protiviti's Procurement Recommendations (*continued*)

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Party	Status
Align roles and responsibilities to promote organizational accountability. Implement a process management framework through defining clear roles, responsibilities, and process owners, conduct training, and track ownership.	High	1	Supply Chain Management	In progress. A roles and responsibilities matrix was developed for Purchasing, Supply Chain Management, and Contract Administration and was sent to Legal and the County Purchasing Agent for review and approval.
Analyze spending by category to identify savings opportunities. Establish savings targets by category and develop a prioritized sourcing wave plan.	High	2	Supply Chain Management	In progress. Supply Chain Management is seeking approval to leverage Premier's high value implants (HVI) program to create price parity for all manufacturers. Once approved, all agreements will be amended to capture the price parity component. Amendments are expected to take three to five months. Additionally, Supply Chain Management is working with Baylor and UTHealth to finalize five additional categories to evaluate. Both schools are scheduled to vote on January 31, 2026.
Define KPIs and service level agreements (SLAs). Expand target list of operating model KPIs to track to provide a more holistic view of Procurement performance and insights. Develop SLAs around the time to complete requests (e.g., contract, purchase, item add, supplier add).	Medium	3	Harris County Purchasing, Contract Administration	In progress. The first iteration of KPIs is posted on Harris Health's Purchasing intranet page. Contract Administration KPIs will be developed after roles and responsibilities are finalized (Harris Health Priority #1).
Expand utilization of existing technology for short-term improvement. Optimize PeopelSoft for workload assignment request management and monitoring where limited investment is required. Streamline item and supplier request process with centralized online forms.	High	4	Supply Chain Management	Pending. Meetings occurred with the Information Technology (IT) team to discuss possible PeopleSoft enhancements to enable the tracking of contract spend. IT assigned a Demand Manager in January 2026 to determine whether Harris Health should proceed or wait until a new enterprise resource planning (ERP) system is implemented.

Follow-up on Protiviti's Procurement Recommendations (*continued*)

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Party	Status
Document guidelines and standard operating procedures (SOPs). Build SOPs and training materials inclusive of step-by-step process activities and guidelines on areas of confusion. Conduct training with key stakeholders.	Medium	5	Harris County Purchasing	In progress. Harris County Purchasing is updating all policies and procedures, and completion is targeted for FY 2026 quarter 3.
Improve post-execution contract handoff process. Develop a process for post-execution contract handoff to departments that is inclusive of stakeholder meetings and trainings.	Medium	6	Contract Administration	Pending. This recommendation will be implemented after the roles and responsibilities matrix is finalized (Harris Health Priority #1).
Utilize alternative purchasing methods. Continue efforts to stand up purchasing card program.	Low	7	Harris County Purchasing	Pending. IT assigned a Demand Manager in January 2026 to determine whether Harris Health should proceed or wait until a new ERP system is implemented.
Drive transformational technology improvements. Drive procurement orchestration through workflow utilization. Implement and efficiently utilize Contract Lifecycle Management and Supplier Portal.	Medium	8	Supply Chain Management	Pending. A consultant began work in January 2026 to determine the value in implementing the ServiceNow Source to Pay module or waiting until a new ERP system is implemented.
Leverage Harris Health contract templates. Utilize Harris Health contract templates previously developed by Legal to draft contracts when possible. Develop additional contract templates for categories where currently missing templates.	High	9	Legal	Implemented. As of January 2026, Legal had created 23 templates, and additional templates were in progress. Informal guidelines for use of the templates were developed, and Legal trained sourcing leaders in Purchasing on the templates.
Develop new policies where there are no existing policies and update existing policies to ensure coverage on existing gaps. Provide communication and training on updates to relevant stakeholders.	Low	10	Contract Administration, Harris County Purchasing	In progress. Contract Administration is collaborating with Corporate Compliance to identify any necessary policy updates. Harris County Purchasing is updating all policies and procedures, and completion is targeted for FY 2026 quarter 3.

Follow-up on Protiviti's Procurement Recommendations *(continued)*

Protiviti's Recommendation	Priority per Protiviti	Priority Order per Harris Health	Responsible Party	Status
Formalize utilization of contract planning tools and meetings. Formalize contract planning tools and templates, and annual planning meetings and recurring meetings throughout the year to track and prioritize new contract requests and amendments, monitor upcoming expirations, and document supplier performance and action steps.	High	11	Contract Administration	In progress. Meetings occur on Tuesdays with Contract Administration, Purchasing, Legal, Contract Portfolio Liaisons, and Buyers to discuss new and open contract requests. Additionally, Contract Administration hosts contract review and signing meetings on Thursdays with the Chief Operating Officer. The transition from an Excel contract planning tool to ServiceNow is pending.
Enhance master data management. Reconcile contract master, item master, and charge master data. Use technology to integrate data or utilize AI to perform automated reviews for discrepancies. Define and implement more frequent, proactive supplier master file cleanup activities.	Medium	12		<i>To Be Determined</i>
Develop a strategic sourcing methodology inclusive of tools and templates to be followed consistently on sourcing projects.	Medium	13		<i>To Be Determined</i>
Realign procurement organization and right-size FTEs. Transition Purchasing in-house to Harris Health and align reporting through the Chief Operating Officer. Ensure departments are appropriately sized and structured.	Medium	14		<i>To Be Determined</i>
Develop KPI reporting dashboards. Develop automated reporting dashboards that provide real-time insights and improve visibility to KPIs.	Low	15		<i>To Be Determined</i>
Create a self-service tool to inform end-users of the statuses of their contract requests, item requests, purchase requests, and vendor requests.	Medium	16		<i>To Be Determined</i>

Follow-up on Forvis's Revenue Cycle Recommendations

In May 2024, Forvis performed the attorney-client privileged *Strategic Revenue Cycle Operational Assessment* at Harris Health. Forvis issued several recommendations based on the assessment, and Internal Audit has initiated an engagement to monitor progress with the recommendations and validate implementation.

Harris Health's Revenue Cycle team provided the status of each recommendation as of February 3, 2026. Internal Audit is following up with the team to gather additional information and prepare a comprehensive status report for presentation during Executive Session of the May 2026 Compliance and Audit Committee meeting.

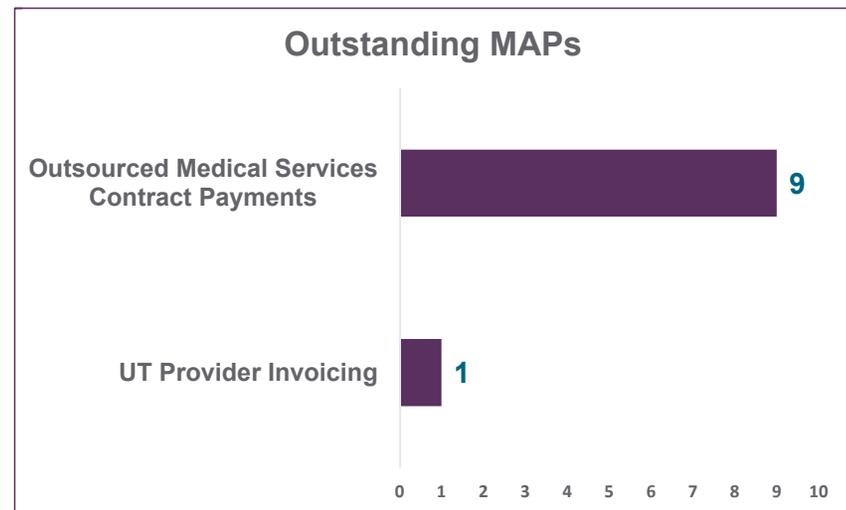
Follow-up on Management Action Plans

At the end of each engagement, Internal Audit requests action plans and implementation dates from management to remediate the risks identified during the audit. Internal Audit follows up to confirm implementation of management's action plans (MAPs) and provides a monthly update on all outstanding MAPs to the responsible Executive Vice Presidents. Additionally, Internal Audit provides updates to the Compliance and Audit Committee on any past-due MAPs with a high priority for implementation.

A total of **10** MAPs are outstanding from two engagements (*Figure 1*). Due dates for the 10 MAPs range from July 1, 2026, to July 25, 2027. See *MAP details on page 14*.

There are currently no past-due, high-priority MAPs.

Figure 1



Details of Outstanding MAPs

	Engagement	Issue Title	MAP Priority	MAP Due Date
1	Outsourced Medical Services (OMS) Contract Payment Audit	Incomplete Claims Detail Reports	High	7/25/2026
2		Incorrect Rate Paid to Nurturing Home Healthcare	High	7/25/2026
3		Underpayments to Vibra Hospital Holdings	High	7/25/2026
4		Lack of Documented Procedures for OMS	High	7/25/2026
5		Provider Agreements and Amendments Not Readily Accessible	High	7/25/2026
6		Payer Components for St. Joseph Not Fully Defined	High	7/25/2027
7		Incorrect Claim Processing	Moderate	7/25/2026
8		Payment for Services Provided at a Non-Contracted Facility	Moderate	7/25/2026
9		Inaccurate Administrative Fee Payments	Low	7/25/2026
10	UT Provider Invoicing Audit	Invoices Could Be Enhanced for Better Transparency	Moderate	7/1/2026

Priorities for FY26 Quarter 2



- ✓ Complete the following engagements:
 - Capital Asset Management Audit
 - Vaccine Management Audit
 - Cash Handling Audit – Food & Nutrition Services
 - Clinical Staff Licenses and Certifications Audit
- ✓ Continue progress on the Protiviti and Forvis follow-up engagements.
- ✓ Start the following engagements:
 - Information Security/Technology Risk Remediation Follow-up
 - Correctional Health Nursing Practices Evaluation
 - Contract Compliance Audit
 - LabCorp Payment Audit

Thank You

Michael Post, CPA, CIA
Harris County Auditor
Mike.Post@aud.hctx.net
Phone: 832-927-4560

Sharon Brantley Smith, MBA, CIA, CPHRM, CFE, CISA, CGAP
Chief Assistant County Auditor, Harris Health
Sharon.BrantleySmith@harrishealth.org
Phone: 713-274-5689

Thursday, February 26, 2026

Executive Session

Presentation Regarding Harris County Auditor's Report Related to the Referral Process, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071.



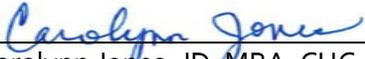
Sharon Brantley Smith, MBA, CIA, CFE, CISA, CGAP
Executive Vice President – Chief Financial Officer
Chief Assistant County Auditor, Harris Health
Harris County Auditor's Office

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Thursday, February 26, 2026

Executive Session

Report by the Vice President, Chief Information Security Officer, Regarding Harris Health's Fiscal Year 2025 Payment Card Industry (PCI) Merchant Assessment, Pursuant to Tex. Gov't Code §418.183, Tex. Gov't Code §551.089, and Tex. Health & Safety Code §161.032.



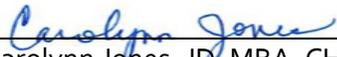
Carolynn Jones, JD, MBA, CHC
Executive Vice President, Chief Compliance and Risk Officer

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Thursday, February 26, 2026

Executive Session

Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Health & Safety Code Ann. §161.032.



Carolynn Jones, JD, MBA, CHC
Executive Vice President, Chief Compliance and Risk Officer

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BOARD OF TRUSTEES**Joint Conference Committee**

Thursday, February 26, 2026
12:00 PM

(or immediately following the Compliance & Audit Committee meeting)

The meeting will be conducted via Zoom and may be viewed online at:
<http://harrishealthtx.swagit.com/live>.

Mission

Harris Health is a public, integrated health system dedicated to improving the health of our communities by delivering high-quality, person-centered care in collaboration with community and academic partners.

AGENDA

I. Call to Order and Record of Attendance	Dr. Andrea Caracostis	2 min
II. Approval of the Minutes of Previous Meeting	Dr. Andrea Caracostis	2 min
• Joint Conference Committee Meeting – November 13, 2025		
III. Physician Leadership Reports	Dr. Andrea Caracostis	25 min
A. Medical Executive Board (MEB) Chair/Vice Chair	Dr. Kunal Sharma and Dr. Asim Shah	<i>(5 min)</i>
B. Chiefs of Staff		
• Ben Taub Hospital	Dr. Sandeep Markan	<i>(5 min)</i>
• LBJ Hospital	Dr. Tien Ko	<i>(5 min)</i>
C. Assistant Chiefs of Staff		
• BCM	Dr. Fareed Khan	<i>(5 min)</i>
• UT	Dr. Mohammad Zare	<i>(5 min)</i>
IV. Adjournment	Dr. Andrea Caracostis	1 min

HARRIS HEALTH
BOARD OF TRUSTEES
JOINT CONFERENCE COMMITTEE MEETING MINUTES
Thursday, November 13, 2025
12:00 PM

or immediately following the Compliance & Audit Committee meeting

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
I.	Call to Order and Record of Attendance	Dr. Andrea Caracostis, Committee Chair, called the meeting to order at 12:02 P.M. It was noted there was a quorum present, and the attendance was recorded. The meeting may be viewed online through the Harris Health website: http://harrishealthtx.swagit.com/live .	
II.	Approval of the Minutes of Previous Meeting	<ul style="list-style-type: none"> Joint Conference Committee Meeting – September 11, 2025 	Moved by Dr. Sandeep Markan, seconded by Dr. Kunal Sharma, and unanimously approved the minutes of the September 11, 2025, meeting. Motion carried.
III.	Physician Leadership Reports		
	A. Medical Executive Board Chair/Vice Chair	Dr. Kunal Sharma, Chair of the Medical Executive Board, and Dr. Asim Shah, Vice Chair, provided their updates. Dr. Sharma highlighted key accomplishments within the medical staff, including significant advancements demonstrated in the annual research stage, which showcases clinical projects, innovations, and research efforts that position Harris Health competitively on a national level despite the demographic and socioeconomic challenges often underrepresented in broader research studies. Dr. Sharma emphasized the system’s continued commitment to cutting-edge standards of care and recognized the ongoing progress related to the Lyndon B. Johnson (LBJ) Hospital campus expansion, noting daily construction advancements and sustained engagement from the medical staff. He also acknowledged the Ambulatory Care Services (ACS) expansion efforts and its importance in providing high-quality care at vital entry points for patients. Dr. Sharma further discussed ongoing work around patient safety indicators, patient satisfaction efforts, and the responsibility to ensure excellence in a safety-net environment without allowing resource limitations to compromise patient experience. He concluded with comments regarding interpretation services, documentation improvements, and the need for continued collaboration with health system leadership. Dr. Shah provided additional remarks supporting these initiatives.	As Reported.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATIONS
<p>B. Chief of Staffs</p> <ul style="list-style-type: none"> • Ben Taub Hospital • LBJ Hospital 	<p>Dr. Sandeep Markan, Chief of Staff at Ben Taub Hospital, provided an update on clinical operations and staff initiatives at Ben Taub Hospital, emphasizing ongoing improvements in patient access, care coordination, and operational efficiency. He highlighted efforts to optimize urgent care and clinic workflows to reduce patient wait times and enhance service delivery. Dr. Markan also discussed initiatives to strengthen communication between primary care and specialty providers, ensuring patients receive the right care at the right time, and recognized the dedication of the medical staff in maintaining high standards of patient safety and quality.</p> <p>Dr. Tien Ko, Chief of Staff at LBJ Hospital, shared progress at LBJ Hospital, including expansion efforts and strategic operational enhancements to improve patient access and satisfaction. He noted improvements in patient flow, registration processes, and coordination across departments to optimize clinical outcomes. Dr. Ko emphasized ongoing quality improvement initiatives, staff engagement programs, and the integration of specialty services with primary care to ensure comprehensive, efficient, and equitable care delivery across the hospital system.</p>	<p>As Reported.</p>
<p>C. Assistant Chiefs of Staff</p> <ul style="list-style-type: none"> • BCM • UT 	<p>Dr. Fareed Khan, Assistant Chief of Staff at Baylor College of Medicine, highlighted collaborative efforts between medical staff and administration to advance patient safety, satisfaction, and chronic disease management. He outlined initiatives leveraging technology and data to monitor individualized patient outcomes, support care quality, and reduce gaps in treatment. Dr. Khan also emphasized enhancements in interpretation services, documentation, and compliance to meet Centers for Medicare & Medicaid Services (CMS) requirements, as well as ongoing community outreach to educate patients and improve access to care. He noted a strong focus on physician engagement and interdisciplinary collaboration to sustain and build on the improvements achieved across the health system.</p> <p>Dr. Mohammad Zare, Assistant Chief of Staff at UTHealth Houston, provided updates on systemwide coordination and quality initiatives, emphasizing the importance of cross-departmental collaboration to break down silos and improve patient experience. He highlighted work to enhance physician-patient engagement, increase patient satisfaction, and optimize clinical operations across multiple sites.</p> <p>Dr. Zare also discussed strategic planning for access to specialty care, pediatric services, and residency programs, noting efforts to align resources, improve community outreach, and strengthen overall health system performance in line with Harris Health’s mission and upcoming strategic initiatives.</p>	<p>As Reported.</p>

AGENDA ITEM		DISCUSSION	ACTION/RECOMMENDATIONS
IV.	New Items for Discussion		
		<p>A. Update Regarding Revised Medical Staff Bylaws</p> <p>Dr. Shah presented revisions to the Medical Staff Bylaws, summarizing updates to definitions, CRNA requirements, reinstatement notices, temporary privileges, automatic suspension language, and committee terminology. The Committee received clarification that no action was required at this meeting, as final approval of the bylaws will be considered by the Board of Trustees at its December meeting. A copy of the Medical Staff Bylaws are available in the permanent record.</p>	As Presented.
V.	Adjournment	There being no further business and without objection from the Members of the Committee, the meeting adjourned at 12:41 P.M.	

I certify that the foregoing are the Minutes of the Meeting of the Joint Conference Committee of the Board of Trustees of the Harris Health System held on November 13, 2025.

Respectfully submitted,

Andrea Caracostis, MD, MPH, Committee Chair,

Recorded by Cherry A. Joseph, MBA

Thursday, November 13, 2025
Harris Health Board of Trustees Joint Conference Committee Attendance

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT	OTHER BOARD MEMBERS PRESENT
Dr. Andrea Caracostis (<i>Committee Chair</i>)	Sima Ladjevardian	
Dr. Sandeep Markan, Chief of Staff (<i>BT Hospital</i>)		
Dr. Tien Ko, Chief of Staff (<i>LBJ Hospital</i>)		
Dr. Fareed Khan, Assistant Chief of Staff (<i>BCM</i>)		
Dr. Mohammad Zare, Assistant Chief of Staff (<i>UT</i>)		
Dr. Kunal Sharma, Medical Executive Board Chair		
Dr. Asim Shah, Medical Executive Board Vice Chair		
Dr. Esmaeil Porsa, Chief Executive Officer		
Louis Smith, Chief Operating Officer		
Dr. Thomas Cummins, EVP & Chief Medical Executive Officer		
Dr. Matasha Russell, Chief Medical Executive (<i>ACS</i>)		

HARRIS HEALTH EXECUTIVE LEADERSHIP, STAFF & SPECIAL INVITED GUESTS	
Alexander Barrie	Jennifer Zarate
Cherry Joseph	Jerry Summers
Daniel Smith	John Matcek
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Maria Cowles
Dr. Glorimar Medina	Sara Thomas (<i>Harris County Attorney's Office</i>)
Dr. Jackie Brock	Shawn DeCosta
Dr. Jennifer Small	Tekhesia Phillips

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*